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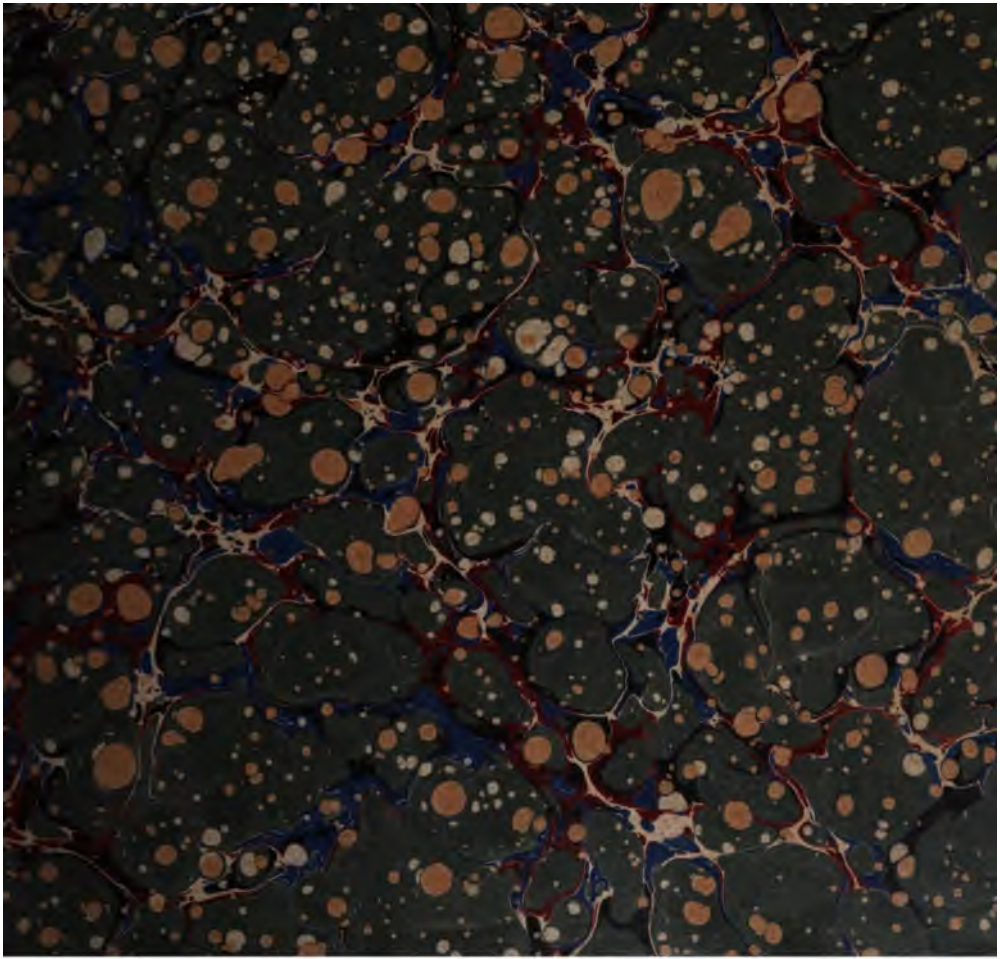




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COMMENT.

*Bimetallism and Socialism in Germany: Economics and Law in the Suprême Court: An Indo-European Railroad.*

DR. ARENDT'S last "Auseinandersetzung" is quite as entertaining as any of the controversies in which he has been engaged. This time it is not Dr. Bamberger or the Manchester party that the bimetallic leader has challenged, but it is the Social Democratic Party. In an article addressed to the Socialpolitisches Centralblatt, Dr. Arendt expresses surprise that the Socialists should be adherents of the gold standard in Germany, and rehearses the well worn arguments with regard to the effects of a change in the monetary standard. An expansion of the currency tends, he says, to injure the creditor class, but a contraction tends to injure the debtor class, and, of the two, the debtors, being the weaker, are most deserving of help. Therefore, if we are put before the alternative of raising or lowering the monetary standard, we should choose the latter. In addition to this he claims that the working classes have a practical interest in preventing a rise in the value of money, since that tends to restrict the demand for labor and to lower wages. It was by looking at the matter from the socio-political standpoint that he himself became a bimetallist, and he is surprised, therefore, that, while in England and the United States the workingmen generally take the side of bimetalism, the socialist party in Germany works hand in hand with the Manchester party for the gold standard. He quotes at length from a speech of James Mawdsley, the English

trade-unionist, in favor of the double standard, and taunts Max Schippel with having himself written in favor of bimetallism before he became a socialist leader. Yet, Germany is as much interested, says he, as England in preventing a fall in the price of silver, since this tends to check the demand for labor, and therefore to lower wages. He thinks the Englishmen are right in preferring a condition of rising prices, and in believing that when prices go up, wages must go up most of all.

Max Schippel replies to this venerable argument with a frankness which must have seemed brutal to the philanthropic bimetallist. It is quite true, he says, that a good many laboring men in the United States are identified with the silver party, just as they were formerly with the green-back party, but that is not surprising in view of the unenlightened character of the labor movement in this country. It is not true, however, that all of the English labor leaders uphold bimetallism. Regarding the general argument that, when we are forced to choose between a policy that injures the creditors and one that injures the debtors, we should choose the former, he is unkind enough to say: "This plan is quite seductive, even though it appeals more to vague sympathies than to cool thought." It is certainly unpleasant for the peasant and the farmer to find his income lessened by the fall of the price of his products, while his interest payments continue at the old rate. But this is only a peculiarity of all decaying industry. It merely indicates that all who carry on a business with too small a capital are sure to go to the wall in the end, and he doubts whether it is really going to help this class to try to keep their heads above water artificially a little bit longer in order to have them drown all the more surely later on.

Replying to a quotation from one of Dr. Arendt's own books regarding the effect of falling prices on the producers, he says: "I do not know for what classes the 'Leitfaden der Währungsfrage' was written. Possibly it may seem to those classes to be instructive. But for the readers of this magazine the passage is an insult, for however much one may wish and expect a rapid diminution of the value of money

in consequence of bimetallism, no one has ever seriously believed in a material increase in value of the raw material in the course of production, and in similar hocus pocus." He then shows that when general prices are rising, wages rise with the greatest difficulty, and most slowly. He quotes Professor Wagner, himself an eminent bimetallist, in proof of this view, and also the slow rate at which wages increased in the United States during the period of paper money inflation. As to the plan of trying to improve the condition of the laboring classes by means of bimetallism, he says: "European workingmen will doubtless never have the slightest desire to try on their own bodies such experiments in famine." However much they may sympathize with the debtors, they will never be led by a shortsighted hatred against all who are getting rich, to help to depress the condition of their own class.

Undismayed by these raps, Dr. Arendt returns to the fray with weapons taken from the arsenal of his own opponent. He quotes a long argument in favor of bimetallism, and then says that this passage was written by Dr. Schippel himself in 1882. But the socialist retorts very properly that it is hardly fair to hold him responsible for the sins of his youth. It is true, he says, that he wrote in favor of bimetallism when he was a green student, and was carried away by admiration for Rodbertus, Schäffle, Wagner, and others, but he has now learned better, and he repeats that the laboring classes are the last to benefit by a general increase in prices, and that they will do much better to hold in their hand the bird of gold wages than to hunt after the fat silver bird in the bimetallic bush.

This controversy seems to show that the bimetallists will have to invent better arguments than any they have thus far produced, if they are to capture the German socialists, who are shrewd enough to see what their own interest is, even though it may be identical with that of the bankers and capitalists. As Schippel says, they are quite as willing to be found in the company of bankers and capitalists on the money question, as in that of the agrarians and squires from the east of the Elbe. Some of our labor leaders might profit by their example.



Three years ago the YALE REVIEW urged the necessity of an Interstate Tax Commission, to deal with problems of taxation and apply economic and historical knowledge to their solution, in the same way that the Interstate Commerce Commission deals with problems of transportation. This necessity has been thrown into strong relief by the history of the present income tax law.

There is no need of setting forth the evils of the existing situation—a confused law, an unsatisfactory decision, an even balance of opinions in the Supreme Court which makes a rehearing inevitable. All this is only too familiar. But there is a still worse aspect of the whole matter which is not so familiar, which we see when we look at the causes of the existing state of things. The even balance of opinions on the income tax law is of small account compared with the causes which have led to this even balance, and are likely to make the same result occur in similar cases in the future. The Supreme Court is being forced to deal with problems whose solution requires thorough training both in law and in economics. One-half of this training the judges have, the other half they have not, or at any rate make no use of it. The inevitable results of this deficiency are, first, a conflict of opinion and second, an undermining of judicial authority.

The possibility of free government, of government by public opinion, depends upon the fact that, as people understand questions better and better, they come nearer to agreement upon them. The ignorant advocates and the ignorant opponents of a measure are always ready to come to blows, and are only too apt to utter threats of revolution if their will is opposed. The discussion pending the passage of a bill usually leads to some public understanding of its purposes ; but such discussion is usually conducted with a heat and acrimony which interferes with clear vision and mutual understanding. It is not until the matter comes before the courts for adjudication that it is coolly considered in all its bearings. The judicial opinion represents the results of such consideration : and people accept it because of this fact. Those who read and understand the opinions of the courts are impressed with the reason which underlies them. Those

who do not read them know the general reputation of the court as an authority, and acquiesce in its dicta, where they would make violent protest against similar utterances from a less intelligent or more partisan body. The authority of the court is based upon the fact that it stands for an intelligent application of general principles on which all agree, as opposed to those movements of party or locality which ignore principles and reasons under the influence of one-sided vision and feeling.

In order to secure this result the courts must actually know a great deal more than the laity about the subjects with which they deal. They must study both the precedents for their decisions and the practical effects which will arise from them. The precedents are the subject of the science of jurisprudence, the effects are the subject of economics. The early English courts contributed largely to both of these sciences. Down to the middle of the last century it may fairly be said that the English decisions furnished some of the best expositions of economic principles which existed anywhere. Adam Smith wrought on a foundation which the courts had laid for him. But about the beginning of the present century a change is noticeable in this respect. There was a severance of jurisprudence and economics which did harm both to lawyers and to economists. This was partly due to the increasing specialization of knowledge which made it every year harder for a man to cover a broad field, and partly to the influence of Bentham's theory of sovereignty, which, though it did good in some places, did harm in others. Prior to Bentham's time judges were in the habit of appealing to certain principles of natural law and reason on which they based the authority of their decisions. Bentham showed the error of much of this theory of natural law as a basis of positive law. Law, he said, is the command of the sovereign, expressed through the legislature and the courts: whatever the sovereign says is law. It derives its authority not from any principle of natural justice behind it, but from the acquiescence of the governed in the authority which proclaims it. Both good and harm resulted from this theory of Bentham. For the moment the good prevail-

nated. It made the law much clearer and more definite by disencumbering it of an extraneous mass of confused thought about natural rights. But in the long run it has perhaps done more harm than good. It has tended to make the courts value precedent too much and principles too little. It has given them an exaggerated idea of the power of the sovereign, and has blinded them to the fact that they owe their authority first of all to the good sense of their reasonings. Bentham gave the law definiteness at the time he wrote, but at some sacrifice of elasticity and of the means of progress.

Nowhere has the evil effect of this view been more conspicuous than in economic questions. The courts have abandoned the progressive spirit of good sense which once characterized their decisions; they have looked only to the generalizations of the past, and have shut their eyes to the plain facts of the present and the indications of the future. Hence their course has been too often either vacillating or disastrous. Neither on slavery nor on patents nor on legal tender nor on the rights and duties of corporations have their decisions been marked by a comprehension of the necessities of the case.

But nowhere has the failure to deal with actual conditions been more conspicuous than in the case of taxation. The change in forms of property which has made it practically impossible to assess a man's personalty has been to all intents and purposes ignored by the courts. They have insisted on looking at the theoretical results of a tax law rather than its actual ones. While studiously proclaiming that discriminating taxes were void, they have shut their eyes to those worst forms of discrimination by which the dishonest escape altogether and the honest pay three or four times the tax which fairly belongs to them. Under such circumstances the construction of tax laws becomes a matter of words rather than principles.

Under such circumstances, even or nearly even divisions of the court become almost inevitable. If people are talking about facts, the more they know the more nearly you may expect them to agree; but if they are talking about words

and phrases, no amount of discussion or learning is likely to help matters. It is needless to say that such a condition of things weakens public reliance on the courts, and forces the community to have recourse to other sources for the necessary knowledge of facts. The success of some of the numerous commissions on special subjects, such as railroads, insurance, etc., is an instance in point. These commissions have far less nominal authority than any court; the best railroad commissions the country ever had, that of Massachusetts, had in its most successful period no authority at all except what the soundness of its reasonings compelled the public to recognize. Yet in this apparent weakness lay the secret of its success; and it is perhaps not unfair to add that in the apparent strength of the Supreme Court of the United States to-day lies the secret of its failure to grapple with the new economic problems as they arise. For the instant that a body of men, be they lawyers or theologians, rely on the authority of tradition rather than on the authority of superior practical reason, the day of their strength is verging to a decline.

All who are interested in the maintenance of the English power in India, and who believe that English rule, in spite of all its drawbacks, represents civilization and progress for eastern nations, must welcome the discussion of any feasible plan of railroad communication between England and her dependencies in the far East. Events like those in Chitral, the extreme northwestern limit of English influence in India, while perhaps not very serious in themselves, remind one of the possibility of trouble between England and Russia; and should such trouble arise, Russia has better means of rail communication than England in the direction of the debatable land. Beginning at Uzun Ada on the east shore of the Caspian Sea, there is a railroad running southeastward toward the Persian and Afghan frontier, then parallel to that frontier for a considerable distance, finally turning northeastward to Bokhara, Samarkand, and Tashkend. It was the product of the genius

of Skobeleff and Annenkoff, perhaps the ablest heads in the Russian service of recent years. It enables forces to be carried across the worst part of the Tartar desert in safety, and to menace the English at several vulnerable points.

England at present depends upon the sea for her communication with India. Wholly apart from the contingency of a war with Russia or anybody else, this method of communication is very slow—about fourteen days at the lowest. Hence there has been no lack of projects of rail communication. Some have hoped to see a line running through Asia Minor or Syria and thence through northern Persia. Others have hoped for a railroad down the valley of the Euphrates to the head of the Persian Gulf, whence India can be very quickly reached by steamer. A third project, forcibly urged by Mr. Charles E. D. Black in a recent number of the *Contemporary Review*, would find a route across northern Arabia to the mouth of the Euphrates, and thence along the sea-coast to India itself.

The first of these projects across northern Persia must be regarded as visionary. The engineering difficulties are certainly great, they might prove insuperable, and even if we suppose them successfully overcome, the whole route is at the mercy of untrustworthy nations, through whose country it runs, liable to molestation and blackmail in time of peace, or to entire interruption in case of war. The Euphrates valley scheme deserves more serious consideration. The country is better known. The engineering difficulties are not so serious. The line passes through the territory of one foreign power only, and that power one which does not seem likely to unite with Russia in any war against England. But after all has been said in its favor, the plan remains an unsatisfactory one. The remoter parts of Turkey, as recent events show, are not good localities for civilized men to work in. It seems likely that the government would sell its protection dear, and not give it after the price had been paid. Nor does the scheme in its original form provide for a line all the way to India, but only to the head of the Persian Gulf. Anyone familiar with the difficulties and delays of transshipment will feel how great is the imperfection of the scheme

in this detail. Some of the advocates of the Euphrates Valley route have urged its extension along the coast of the Persian Gulf; a project now more practicable than before, because much of that region has recently been brought under British influence. This line along the Persian Gulf forms part of Mr. Black's scheme; but he would abandon the Euphrates Valley altogether, and build the western part of his line right across Arabia to the Isthmus of Suez.

The apparent disadvantage of this plan is the necessity of traversing several hundred miles of desert. But, to those who are familiar with Arizona or Nevada, this will not seem a formidable obstacle; particularly if, as is stated, part of northern Arabia is a rock desert rather than a sand desert, and one where water can be obtained by drilling artesian wells to a sufficient depth. In fact the absence of vegetation is in one respect a positive advantage, since it prevents native tribes from massing in such numbers as to interfere with the operations of the line.

This immunity from outside interference is the cardinal advantage of the whole route. Arabia is a No-man's-land, and a railroad route will belong, both by right and by might, to the power that builds and operates it. At the mouth of the Euphrates it will be necessary to cross a small portion of Turkish territory; but this is so situated as to be under the influence of British gunboats, which can secure it immunity from exactions in peace and from molestation in war. Beyond that point there is a level strip of coast which furnishes excellent ground for railroad building as far as Makran, and can be readily protected from the sea. From Makran onward the country is so fully under British influence that a choice of available routes is offered to the engineer. Except for possible danger to the health of those directing it, the route seems a good one in almost every respect. It has at any rate the enormous advantage over all other proposed routes, of being wholly out of reach of Russian armies and easily within reach of British ships, so that it would constitute a source of strength rather than of anxiety in the event of war.

## THE GOVERNMENT AND THE BOND SYNDICATE.

It is nearly a score of years since a financial transaction of the Government has aroused so much discussion and called out so many expressions both of approval and of criticism as the recent sale of bonds to a syndicate of American and Foreign bankers. In view of all the conditions, this widespread interest is not strange. The questions involved were of a political and moral nature as well as financial. Students of political economy, financiers, speculators, business men, manufacturers, farmers, and politicians all felt a keen interest in the sale, and realized that it was of the greatest importance to the country. Just after its consummation there was a general expression of relief and satisfaction. Soon, however, there followed a reaction in which the advantages were largely ignored and great stress was laid on the actual and possible profits of those who conducted the operation. The discussion of the subject in the press, at the clubs and in society generally, has shown that only a small proportion of the critics have an accurate knowledge of the facts in the case. Their lack of information is not to be wondered at, for the affair was conducted by a very few men, who are not accustomed to make confidants in their business dealings. Nevertheless, the matter is of such vast moment and is likely to have such far-reaching influence, that no pains should be spared to secure a widespread and accurate knowledge of its details. This paper has been prepared, by request, in the hope that it may contribute somewhat to so desirable a result.

It is impossible to form an intelligent opinion of the transaction without understanding the financial and political conditions which existed when it took place. For months the trend of the money market had been such as to make an operation of this nature inevitable. President Cleveland had declared repeatedly and with increasing emphasis, that no effort would be spared to enable the Government to redeem

in gold every obligation which called for "coin." But while his attitude gave pleasure to all citizens who had at heart the honor and prosperity of the country, it could not quiet the fears of those who saw the expenses of the Government constantly exceeding its revenues. Such a state of affairs brings a settling day for nations as surely as for individuals, and while the coffers of the Treasury were filled with gold in exchange for bonds, it seemed to be too elusive to stay. Twice in 1894 the Secretary appealed to the public, and each time the responses showed an enthusiastic confidence in the credit of the Government. But the \$58,000,000 received in January began to leave the Treasury soon after, and by October it had all gone, leaving a greater need than before. Then, in November, the Secretary offered for sale \$50,000,000 additional of bonds, receiving for them again over \$58,000,000. But it was like scooping up water with the hand. The gold was hardly well settled in the Treasury before the outward flow set in, and it became evident that some other method of financing must be resorted to.

This demand for gold came both from this country and from Europe. While the bonds had brought good prices, and while the sales had been attended with many patriotic demonstrations, there was, nevertheless, an underlying feeling in the financial community that the gold reserve of the Treasury could not be maintained simply by selling bonds to the American public under existing conditions and without special contracts. Almost without exception, the officers of the banks which furnished most of the gold believed that it would be necessary eventually to adopt more businesslike plans in order to restore the strength of the Treasury and make it lasting. If they had declined to subscribe for the bonds, and to furnish gold for the subscriptions of others, they would have been regarded as unpatriotic, and yet the great majority felt that the movement was too much influenced by sentiment to be successful. With such a feeling existing, it is not strange that many individuals and a considerable number of institutions felt justified in providing themselves with such sums of gold as their necessities might demand. It is impossible, of course, to estimate correctly



the amount of gold thus "hoarded," but it was large and was increasing steadily.

This domestic withdrawal of gold, however, was far less important than the foreign demand. It was much smaller in the aggregate, and in comparison had an insignificant effect, either financially or sentimentally. The statements published daily that millions of gold were being taken from the Treasury for shipment abroad showed Europe's growing distrust of our financial policy. Certain leading foreign bankers did not hesitate to say openly that gold would soon command a premium, and they advised their clients to provide without delay for their future wants. Consequently, each day saw the Treasury's balance of gold diminished and at the same time an increased demand for its small remaining supply.

This unusual and threatening condition of affairs in the financial world was accompanied, and in fact was chiefly caused by an anomalous political situation. Although the President was making a brave struggle to protect the credit of the Government, he was opposed vehemently by a considerable portion of his own party. The Republicans were pleased by this rupture, and did what they could to aggravate it. The Populists and Free Silver men were glad to join either party in opposition to honest money. All this resulted in speeches and bills which were calculated to have a most disastrous effect on the National credit. While all realized the imperative necessity of doing something for the Government, each faction was determined that nothing should be done that was not in accord with its own views and interests. The course of the President in connection with the previous bond sales was sharply assailed, some of his critics even going so far as to declare that the proceeds had been used illegally to meet the ordinary expenses of the Government. Efforts to authorize the issue of short time obligations in order to meet immediate requirements were made repeatedly, and never with success. Instead of working for the relief of the country, Congressmen seemed to be striving only to smother all plans which might be proposed in its behalf. That such a

course could have but one result was clear to all. Unless help should be given to the Government without delay its promises must be dishonored. The withdrawals of gold from the Treasury increased rapidly, and on the 28th of January the President sent another message to Congress urging, among other things, the necessity of authorizing the immediate issue of a bond specifically payable in gold. It was evident at once that such a measure could not then be passed, and the situation became worse than ever.

And just here it may be well to call attention to the particular feature which made this situation so threatening to the safety of the country. It is not easy to see on the surface any reason why financial danger should threaten a nation which had passed successfully through a great war, had paid off a debt of \$3,000,000,000, had resumed specie payments, and was possessed of greater wealth and population than at any previous time in its history. Could it be possible that the lack of a few millions of dollars of gold could embarrass a Government which in the event of war could command resources for the equipment of armies and navies superior to those of any country in the world? Such a possibility could be explained by only one word—a word as fatal to the financial prosperity of a nation as to an individual—*dishonesty*. When the Government issued bonds and “greenbacks” during the war, people took them with full confidence that the Government would not only pay them when able, but would pay them in gold. Although the word “gold” was not explicitly stated in the obligation, it was known both to our own citizens and foreigners that “coin” meant gold. On the resumption of specie payments this meaning was made known to all the world, and the three years immediately following were the most prosperous this country has ever experienced. Until the Free Silver men came to the front no one, at home or abroad, doubted the intention or the ability of the Government to meet its obligations in gold. It is safe to say that the embarrassment of the Government in this crisis was due solely to their efforts. Their vehement demands that silver should be given by arbitrary legal enactment the same debt-

paying power as gold, in the ratio of  $15\frac{1}{2}$  to 1, when the market ratio was 33 to 1, shook the faith of foreigners, as well it might, in our nation's honesty. That they should have been aided by others in Congress, for political or personal reasons, is a disgrace to those rendering such aid. The President was working manfully to maintain the honor of the country while the majority in Congress was struggling to besmirch it. The few high-minded and public-spirited men who sustained Mr. Cleveland were borne down by the blatherskite politicians who sought their own success, regardless of the nation's danger.

Such was the critical state of affairs in the last of January, when the Assistant Secretary of the Treasury came to New York charged with the imperative duty of providing at once for the Treasury's necessities. The course of events above described had increased a hundred-fold the difficulties and dangers of the situation. The reckless and unprincipled speeches in Congress were constantly augmenting the existing uneasiness in financial circles, and every day brought fresh demands on the Government's rapidly diminishing reserves of gold. In fact, so far did this go that there was virtually a run on the Treasury. And more than this—the Treasury was practically in a state of suspension so far as gold payments were concerned. That this condition was not published was due to the feeling that such an announcement would probably precipitate a crisis and bring universal disaster. Only a comparatively small number knew the full gravity of the situation. It is safe to say, however, that no greater apprehension has been felt by those few since the days of the war. The alarm was all the more dangerous because it was suppressed. No one could tell at what moment it might break out and get beyond control. The total gold reserve on Monday, January 28th, was \$56,069,995. In five days the withdrawals amounted to \$14,180,000, leaving on hand only \$41,889,995, or less than three days' supply at the same ratio. And of this relatively small sum all of the coin was represented by outstanding certificates, the remainder being in fine gold bars and not available, therefore, for the redemption of the obligations of the Gov-

ernment. In other words, the United States Treasury had reached a point where it was possible for any one of a half dozen of our large corporations to have forced upon it at once a public confession of its inability to meet its engagements.

Surely there was little encouragement in such a gloomy state of affairs to undertake to relieve the Government's distress. But it is proverbial that the exigencies of a great occasion usually call out men to meet them. In this case there came to the front two men who were fitted by natural abilities and special training to do the work required. August Belmont and J. Pierpont Morgan are the sons of men who for half a century had international reputations as financiers. To give the history of the firms of which they are now the respective heads would be to relate the most important financial transactions in which this country has been interested for the past fifty years. Mr. Morgan stands easily first among our bankers as a man of wonderful quickness and accuracy of judgment and of corresponding boldness and vigor of action. Mr. Belmont is Mr. Morgan's junior by a considerable number of years, but, as was his father before him, he is the trusted representative of the Rothschilds and worthily sustains the great reputation won by his house. He it was who first conceived the plan of supplying the Government with gold, and it was through his efforts that Mr. Morgan's assistance was secured. As indicative of the patriotic and businesslike character of the movement it is not out of place to refer to the fact that Mr. Belmont has been and is an active Democrat, while Mr. Morgan has been all his life an equally enthusiastic Republican. Together and by request they went to Washington. Then followed days and nights of negotiations and of cabling to Europe. The keynote of the movement was European coöperation. It was known that another bond issue on the plan of those made in 1894 would only aggravate the trouble and tempt foreigners to remove our gold. But what inducement could be given to foreign bankers to take an interest in the new loan? True, there was the assurance of the President, as the representative of the Government, that as gold was wanted and was to

be received, gold would be returned. But on the other hand arose the daily howls of Congressmen against "gold bugs," coupled with demands that all bonds should be paid in silver. It is not easy to exaggerate the difficulties of this negotiation. Several times it tottered on the brink of failure and once seemed to have received a fatal blow. Gradually, however, the plan took form. On certain conditions the Rothschilds signified their willingness to participate in it. It would not be possible to overestimate the importance of securing the assistance of this, the greatest banking house in the world. Those unacquainted with the ramifications of exchange cannot appreciate rightly the value of such coöperation. Their wealth alone, enormous as it is, is of far less value than the influence exerted by their prestige. In London, Paris, Frankfort, and Vienna they make themselves felt in a thousand ways which cannot be reckoned by pounds sterling. The mere fact that they were willing to take an interest in an American loan on any terms was of incalculable value to our credit abroad. They expressed unhesitatingly their belief that a three per cent. government bond payable in gold would be popular in Europe, but they were equally decided in their opinions that it would be difficult to negotiate at even a much higher rate a bond which was made payable simply in "coin." So great was their unwillingness to take part in a loan of the latter description that it seemed at one time as though their assistance could not be secured. Finally, however, an arrangement was made under an Act passed in 1862 by which the Government was to buy from the Syndicate 3,500,000 ounces of gold and to pay for it in bonds. By this transaction the Government would receive gold worth \$65,117,500 and would issue in payment \$62,317,500 of 4 per cent. bonds, the difference in the amounts representing the premium on the bonds. As these were to run thirty years this premium would make the price equal to 104.49 and the rate of interest  $3\frac{3}{4}$  per cent. It was a part of the contract that at least one-half of the gold was to be supplied from abroad, and the syndicate agreed in addition to use every effort to prevent the withdrawal of gold from the United States Treasury.

Another stipulation was inserted in the contract which has all the marks of genius. The rate of interest agreed upon, three and three-quarters per cent., was unexpectedly high and the consequent price of the bonds, 104½, was so much lower than other Government issues as to make the bargain seem a bad one for the Government and correspondingly good for the syndicate. Had the transaction been concluded on this basis there might have been ground for the accusation against the syndicate of taking a merciless advantage of the necessities of the Government. Such a course would have been technically proper, however, and if Messrs. Belmont and Morgan had been disposed to drive that kind of a bargain they could not have been accused of unfair dealing. In fact the history of dealings with national, state, and municipal authorities would indicate that such a course of procedure would have been quite in harmony with custom and precedent. But fortunately for everyone in the nation except Congressmen the Government was not dealing with men of this stamp. The privilege was given to the Government to substitute at par within ten days from the date of the contract, in lieu of the 4 per cent. coin bonds, other bonds in terms payable in gold and bearing only 3 per cent. interest, if the same should in the meantime be authorized by Congress. Thereupon the President sent to Congress a message explaining the contract and showing that the authorization of a 3 per cent. gold bond would result in an annual saving in interest of \$539,159, amounting in thirty years to \$16,174,770. Never was the weight of responsibility more cleverly shifted. The entire burden of the objectionable features of the contract was at once transferred from the President and the Syndicate to Congress. There was every reason why a 3 per cent. gold bond should be authorized. Not only would the profits of the syndicate be much diminished, but the advantages to the Government would be far greater than that indicated by the saving in interest. Such action would have been taken as indicative of the determination of the nation to maintain gold payments in any event, and would have strengthened our credit everywhere. But this was just what our patriotic Congressmen did not want. Their anger at

finding that the President had succeeded in providing for the needs of the Government was intensified by their consciousness that he had placed on their shoulders the accountability for any hard concessions which the Government might be obliged to make. And so their rage broke out. Of course the pure-minded and public-spirited silver men took the lead in abusing Mr. Cleveland and the bankers. But the criticisms were not confined to them nor to any party. To their shame be it said (and this is said by a Republican) the Republicans instead of working resolutely to aid the passage of the Act recommended by the President, joined in senseless fault-finding with the contract. Every man in Congress knew that the President was striving manfully, intelligently and honestly to protect the credit of the Government in a grave crisis, and every man knew that it was his duty, regardless of party ties, to stand loyally by the President in his efforts. That this was not done, that the ten days were wasted in petty flings, that the partisans of dishonest money were able to block the desired legislation, must stand forever as a blot on the closing session of the 53rd Congress. But no change of record, no explanations in stump speeches, and no adroit fault-finding with political opponents can ever relieve that Congress from the responsibility for whatever may be objectionable in the contract with the syndicate. If the bargain was a hard one for the Government, and if the bankers were enabled to make undue profits, upon Congress and upon Congress alone must rest the entire blame.

Meanwhile the beneficial results of the transaction were becoming apparent. No sooner was it known that the contract had been agreed upon than a marvelous change occurred in financial conditions. First came a decided drop in foreign exchange, and then the orders previously given for gold were countermanded. Out of \$5,050,000 engaged on one day for shipment, orders for over \$4,000,000 were at once cancelled, and \$1,800,000 were returned to the Treasury. This was on the first of February, and from that day to this not a dollar has been taken from the Treasury for export. On the contrary, the amount of gold there has considerably more than doubled. Included in the syndicate

are nearly all the large drawers of bills of exchange, so that this mighty force is enlisted on the side of the Government. They are distinctly pledged not to withdraw gold from the Treasury themselves, and are also pledged to exert all their influence to prevent others from doing so.

When it became evident that the outflow of gold was checked, financial and business men began to regain confidence. The process was slow, owing partly to the agitation stirred up in Congress and partly to the imperfect understanding of the significance of the bond sale. But the improvement, although gradual, has been universal. The prices of iron, wheat, and cotton have advanced materially. Manufacturers and business men all over the country manifest increased hope and energy. Men no longer are uneasy about the credit of the Government. They realize that it has been seriously assailed, but that it is not likely to again incur similar danger. Relieved of anxiety on this point, every man goes about his own work with a lighter heart and greater confidence in the future.

Having thus seen the difficulties of the task undertaken by the syndicate, it is more easy to form a correct opinion as to whether its profits were warranted by the facts. The impression has prevailed largely that these profits would be represented by the price paid the Government,  $104\frac{1}{2}$ , and the existing market quotation of 120. This, however, is not the case. The syndicate sold all of the bonds at  $112\frac{1}{4}$ . Therefore the measure of its profits would be the difference between  $104\frac{1}{2}$  and  $112\frac{1}{4}$ , less any expenses which might be incurred in the transaction. But no one can tell what those expenses will be. The contract calls for the furnishing to the Government of upwards of \$32,000,000 of foreign gold, of which only about \$11,000,000 have been delivered at this writing. Who can tell what may be the cost of procuring the remaining \$21,000,000? Present indications are that no unusual trouble or expense will be incurred, but there is an element of risk involved which is a legitimate and appreciable factor in calculating compensation. Thus far no division of profits has been made by the managers of the syndicate, and all the members are held responsible for their share



of possible loss. For the next four months they must take the risk of foreign wars and commercial disturbances all over the world. It is not likely that under the most favorable conditions the expenses will be less than  $1\frac{1}{2}$  per cent., so that the cost of the bonds will be 106 and the measure of profits will be the difference between this price and  $112\frac{1}{4}$ , the figure at which the bonds were sold. Inasmuch as 5 per cent. is a customary banker's commission for the placing of a large loan, it cannot be considered that  $6\frac{1}{4}$  per cent. is an excessive profit in this case, especially in view of possible additional expenses.

It is true that a considerable portion of the syndicate subscribed for the bonds when they were offered at public sale and bought such amounts as were allotted to them. But they were simply exercising the same privilege as was given to all, and as the managers reserved the right to make allotments as they thought best, many of the syndicate secured no bonds. Therefore the advance from  $112\frac{1}{4}$  to the present market price cannot properly be estimated as a part of the syndicate profits. It has been simply the natural result of the success of the operation, and is a sign of the popular appreciation of the work of the syndicate. Furthermore, the action of the managers in reserving the right to allot bonds at will was justifiable, as in this way they were enabled to secure the coöperation of banking houses which otherwise would have been left free to work in the market against the syndicate, if their private interests would be served thereby. This is only another instance of the shrewd policy of the managers and of their sagacity in strengthening their syndicate in every possible way. Their aim was to secure the friendly alliance of every strong house which might possibly become antagonistic to the movement, and in this effort they seem thus far to have been successful. It is safe to say that the Government has never been supported by a stronger combination at home and abroad. This fact has not been generally realized, and the restoration of confidence has been slow in consequence. But those pessimists who are waiting for the breaking down of the syndicate will do well to seek another occupation. If such an untoward event should

occur, every man would have enough to do to set his own house in order without wasting friendly solicitude on the bankers.

To recapitulate.—In view of the trying and discouraging conditions under which the work was undertaken, of the difficulties attending its proper organization, of the risks which those interested still have before them, of the enormous advantages thus far secured to the country, and of the still greater benefits which it seems reasonable to expect in the future, can it be charged that the profits of the syndicate are likely to be excessive? Who shall measure the extent of the influence of this transaction? Certainly it cannot be reckoned in dollars and cents. It is pleasant, of course, to see the material prosperity of the country so quickly and generally improved. It is good to see the more cheerful looks on the faces of our men of affairs and to hear their more confident tones. We are glad to know that better days have already come for the farmers and planters who have been impoverished and disheartened by the unprecedentedly low prices of grain and cotton. But above and beyond all this is the proud consciousness that something has been gained which is more precious than wealth, something without which no citizen could have contemplated his wealth with pleasure. The honor and credit of the Nation were threatened before the world, and they were saved. The danger is all the more startling because it came from those who had taken an oath to protect the nation's honor and credit. Since the days when the slave-owning Southerners bullied their Northern associates in the United States Senate there has been seen in that body nothing so unprincipled and so full of effrontery as the efforts of the free silver men to advance their selfish interests at the expense of the public welfare. Times without number they have boasted openly that important legislation could not proceed, unless their demands were complied with. Through that relic of by-gone days called the "courtesy of the Senate," they have been able to enforce their threats. They confidently counted upon placing the Government in a position where it would be compelled to acknowledge before the world that it could

not keep its promises. They would have succeeded in their detestable machinations, if it had not been for the men whose work has been described above. And yet such recreant legislators have the audacity to charge these men with making large profits! If the profits should be a hundred times as much as they can possibly be, it would be a most excellent bargain for the country. It is safe, moreover, to predict that such will be the verdict of the people when the transaction is fully understood. They will realize that the champions of national honor and an honest currency have achieved a victory over those who would dishonor the country and force upon it a debased currency. Such an occurrence does wonders in the way of enlightening the people, and when they once understand a subject they can be relied on to act with intelligence and honesty. The power of the free silver men has passed its zenith. They still boast and swagger, but this is their sole stock in trade. No great party will dare to go before the country with a free silver plank in its platform. The benefits already brought by the triumph of honest money are too pleasant to be exchanged for the depression which has marked the years in which the partisans of free silver have blocked progress. And when the country shall have outgrown this stupid and wicked heresy and reached a condition of wealth and prosperity which is its natural heritage, it is altogether probable that this sale of bonds, involving these great principles, will be seen to have marked the point where the people shook off both depression and oppression and declared in favor of common honesty and a sound financial policy.

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## VIEWS OF NAPOLEON.

HOW is the recent revival of interest in Napoleon to be accounted for? This question is so often asked that it seems worth while to give some answer to it. The question is itself somewhat misleading. It seems to take for granted that at some time interest in the character and career of Napoleon wholly or largely died out. This is not true. The interest has always been very great. It was impossible that men should cease to wonder and speculate and study concerning the most extraordinary episode in modern history. That this interest has latterly increased is, however, not to be denied. But this increase is not so recent, among historical scholars at least, as the general public is apt to suppose. The results of long years of patient investigation are just now coming to the surface of things in the pages of college text-books, popular histories, and the illustrated magazines.

It is about thirty-five years ago that Thiers finished his *History of the Consulate and Empire*, the first biography of Napoleon which has any permanent value. With all its splendor of narrative, comprehensiveness of scope and wealth of detail, its faults are very obvious, and have been pointed out quite sufficiently. They may be comprehended in a single phrase. It is a history "with a purpose." Thus it has all the faults of a novel "with a purpose," and some besides. That it is colored and biased throughout by the sincere "jingoism" of its author, that the author deemed of no importance some facts that were inconsistent with his purpose, and that he thus laid himself open to the successful attacks of thousands of hostile critics, who also had "purposes," is undenied. In view of this, it has been customary of late years altogether to overlook the astonishing merits of the book. Its magnificent style, its power of narrative, its fascinating interest are themselves sources of suspicion to many minds. It is too interesting to be good history. But the fact remains that if one wishes to know

anything about Napoleon, the first place that he will look, if he is well advised, is in Thiers' history. If he wishes to know what the man was doing on any particular day, and what the rest of the European world was doing on the same day, if he wishes to know how Napoleon fought a battle or framed a decree, if he wishes to know any of the details of any part of the world-drama of which Napoleon was the protagonist, it is natural to seek it in these pages. It is true that, after full allowance is made for the bias of the author, care must sometimes be taken to correct his statements by reference to other books. The inaccuracies of the work are due to two causes. Thiers did not have the use of much material which is now easily accessible, and he did not use quite honestly that which he had. That this dishonesty, whether willful or intellectual, vitiates the work, it would be idle to deny; that it destroys its usefulness, it is just as idle to affirm.

About fifteen years after Thiers had published the last volume of his work, which is commonly regarded as having created or at least established "the Napoleonic tradition," the death of M. Lanfrey put a stop to his unfinished *Histoire de Napoléon I.* This book had the advantage of being largely founded upon the published *Correspondance* of Napoleon. It had the disadvantage of being conceived largely in the spirit of a reply to Thiers. It was another book with a purpose. The golden light with which Thiers had so largely illuminated the career of Napoleon gives place to the blackness of darkness. Lanfrey is as great a sinner against historical truth as Thiers, and a much more adroit one. His bias is as marked, but his juggling with facts is far more dextrous. His inaccuracies are of a subtler sort. Thiers' account of Napoleon is far from being the unmitigated eulogy which most persons, who have not read the book, suppose. He is quite frank in admitting very grave errors of morals and judgment in his hero. No such inconsistency mars the work of Lanfrey. In his pages, Napoleon appears as a monster whose moral depravity can only be offset by the paucity of his intelligence. There is really little to be said for Napoleon from the moral point of view, but that he was

a man without any worthy emotion or moral impulses is abundantly refuted by trustworthy contemporary evidence. Lanfrey allows, with some reluctance, that Napoleon had military ability, but any statesmanlike ability, any political sagacity, he absolutely denies him. This is a view which is impossible to anyone whose eye is not jaundiced by a purpose in his historical investigations. It is often said that Lanfrey's history is the best life of Napoleon that has been written. I am not prepared to deny the assertion. But such a eulogy of Lanfrey is a sweeping condemnation of all other biographers.

There are other views of Napoleon which have found a good deal of currency. One (and this is a favorite English view, oddly enough) is that Napoleon was not "anybody in particular;" that he was simply a person of rather ordinary characteristics, who was forced to the top on the great wave of European turmoil which broke forth in the French revolution, that he was maintained there for a little space without any force or volition of his own, and then washed away again. Even so able a man as Professor J. R. Seeley<sup>1</sup> seems to have adopted this view. Another, which has been somewhat persistent, and which may perhaps be traced to Thiers, is that Napoleon was very good up to 1806 or 1807, and then suddenly became very bad. The latest advocate of this theory is Mr. Wm. O'C. Morris.<sup>2</sup> It may be demolished by the sufficient authority of the Latin grammar: *Nemo repente fuit turpissimus*.

There is evident through these conflicting views a common trait: the desire to account for the career of Napoleon, and to discover some formula which will describe and classify the man. The method pursued in each case seems scientific up to a certain point. A casual glance at the subject suggests to the mind "a working hypothesis," and the investigator sets to work to see whether he can verify it. As he goes on, however, he invariably falls in love with his hypothesis to such a degree that out of the vast mass of

<sup>1</sup> A Short History of Napoleon the First. By John Robert Seeley. London, 1890.

<sup>2</sup> Napoleon, Warrior and Ruler. By Wm. O'C. Morris. New York, 1893.

testimony he comes to discern the value only of that which supports his view. This seems to be so in every case. Nor is it surprising that men cannot steadily apply the unimpassioned method of inductive science to this subject. The personality of Napoleon is too complex to be shut up in any formula that is easily discoverable. His career makes an irresistible appeal to the imagination. Appreciation of his gifts carries the student away into affectionate enthusiasm, or disapproval of his moral character degenerates into personal dislike. The international and political passions which his deeds engendered are still vivid. If the political issues of his time are not still with us, they are so recent that the echoes of the conflicts have not yet died away. The love, enthusiasm, devotion, terror, contempt, and hate which he inspired have not passed away with his own generation; they have been transmitted with little modification to a near posterity. No man begins his serious study of the subject with an equal mind. His so-called "working hypothesis" is really no better than a prejudice, and his investigations serve not to remove that prejudice, but to confirm it. The time when the career of Napoleon can be scrutinized with the calm eyes of historical science is not yet come. In the meantime, many valuable, though not impartial, contributions to our knowledge of the persons and events of his time are coming into being or into knowledge.

Two very curious illustrations of this theorizing of Napoleon may be drawn from comparatively recent literature. One of these is the brilliant and entertaining monograph with which M. Taine begins his history of *The Modern Régime*.<sup>1</sup> Perhaps there is no chapter in all his works which so fully illustrates his virtues and his shortcomings as an historian. It is the fruit of great industry in investigation. It is interesting to the point of fascination. It is abundantly backed up by references to authorities. Its style is clear and attractive. Yet it is almost wholly misleading. For M. Taine, in addition to the prepossessions with which other men approach this subject, had a philosophy to illustrate

<sup>1</sup> *The Modern Régime*, by H. A. Taine. Translated by John Durand. N. Y.: Henry Holt & Co. 1890.—2 vols.

and a theory of history to prove. His purpose is fortunately so evident that few intelligent readers can accept his conclusions without hesitation. His theory is briefly this. Napoleon was an Italian *condottiere* of the fifteenth century, born out of due time, and finding ampler scope for his innate character, because revolution had leveled for him the broad field of a continent. M. Taine does not mean that Napoleon was like an Italian adventurer of this class, but that he was one in the most literal sense. The Buonaparte family belonged to the small nobility, the class from which the *condottiere* commonly sprang. One branch of the family moved from Tuscany to Corsica at least as early as the sixteenth century, and was protected by its isolation from those influences which obliterated the type from the mainland. The intermarriage of the family with Corsican stock emphasized these characteristics, and added some new and similar ones. So Napoleon was born, late in the eighteenth century, a genuine *condottiere* of the Italian renaissance. The revolution had destroyed the safeguards of society which usually hold such persons in check. Nothing could be more simple, and nothing, according to Taine's view, could more adequately account for the whole business. This monograph is a real contribution to the literature of the subject. Heredity and training had a large influence on the character of Napoleon, and therefore on his doings, and it is a distinct gain to have this pointed out in a clear and scholarly way. But the entire inadequacy of this method for accounting for the history of the period is abundantly displayed in the book of which this chapter forms a part. No such theory of heredity can account for certain gifts which Napoleon possessed. The *condottiere* were not as a rule creative statesmen: that least of anything. Nor did the history of Italy show any such men during six centuries before the Buonapartes left Tuscany, nor for three centuries after. Napoleon had this gift. The man who erected a whole set of political and social institutions for a great nation, who created them out of whole cloth, with such success that they have remained almost unchanged for nearly a hundred years, through frequent changes in the form and theory of government, pos-



sessed this gift of creative statesmanship in a supreme degree. It is not competent to answer that the institutions are bad. Even if they are as bad as M. Taine thought them, this fact is only the witness to the genius which created them. Bad institutions are certainly as easy to get rid of as good ones. The mere fact that in them to-day French civilization lives and moves and has its being, is evidence of the high intelligence, the keen understanding of the exigencies of the time and of the nature of the French people, the constructive power of the man whose hand established them. No one has shown more clearly than Taine that the life of France still runs in the channels which Napoleon dug for it, and this fact cannot be accounted for on the *condottiere* theory, or on any other theory of heredity which is supported by any accessible facts.

My other illustration of this theorizing of Napoleon is calculated to provoke a smile, although it is not more essentially absurd than the first. M. Arthur Levy has written a book with a purpose.<sup>1</sup> This purpose is twofold; first, to answer M. Taine and others; and second, to establish the proposition that Napoleon, far from being a *condottiere*, was a peace-loving man, with all the characteristics and instincts of the French bourgeois, whose highest ideal and ambition in this world was domestic affection, a calm fireside, and the security of mediocrity, but who, by an adverse fate and at the stern call of duty, was throughout life thwarted of his hopes, and forced into the hateful conflicts of the political and military arena. While M. Levy can hardly be said to be as successful as M. Taine in upholding his thesis, his method is very much the same. The industry is evident. His work bristles with references to authorities quite as thickly as Taine's. Even his style shows a burlesque resemblance. Indeed one is tempted to look at the whole work as a clever burlesque on Taine's brilliant essay. This would be a mistake. M. Levy is wholly serious, as serious as anyone who has hitherto written on this bewildering subject. A sense of humor and some small understanding of the com-

<sup>1</sup> Napoléon Intime. Arthur Lévy. Paris. 1893.

parative value of evidence would have saved him from making himself ridiculous; they would also have wrecked his theory. But the book is not without its value. The author has studied almost the whole available material, and has collected all the evidence that he could which goes to show the softer and more human traits of the man, which are commonly obscured from our eyes by his more terrible characteristics. He has collected enough to show us that there was a good deal of human nature in Napoleon, a fact which it is a little difficult for either his admirers or contemners to grasp. This work is not history, nor is it truth, but it is a corrective of much that has been written. Anyone who wishes to understand the defects and suppressions of Lanfrey's History will be helped to do so by M. Levy and the authorities to which he refers.

Undoubtedly one reason why so many persons have written books about Napoleon recently is that there has been a general feeling that we are now far enough away from his time to see him in perspective and judge of his real significance. So far, however, the books seem to show that we are not. Their value lies in the fact that our points of view are different from those of his own generation or the next. We have not yet reached a wholly satisfactory point.

But what has given the greatest impetus to popular consideration of Napoleon is not books which have recently been written concerning him, but the publication of many memoirs of his time, written by persons who were thrown into more or less close relations with him. Through the last fifteen years has appeared a series of very valuable books of this kind. They may be said to begin with the recollections of Madame de Remusat and the earlier volume of Metternich's *Memoirs*. These books have been followed by a number of others of similar character, giving glimpses of Napoleon from the standpoint of soldiers, statesmen, officials, and courtiers. They are almost all of them valuable contributions to our knowledge of the man and his career.

One of these books, however, from which we might expect much is really disappointing. Meneval<sup>1</sup> was Napoleon's

<sup>1</sup> *Memoirs of Napoleon, 1802-15.* C. F. Meneval. N. Y.: D. Appleton & Co. 1894—3 vols.

private secretary after 1802, and was in daily intercourse with him. He declares that Bourienne did not write the *Memoirs* which are commonly ascribed to him. But his own book, recently published, is the strongest testimony which has yet been given to the substantial truth of Bourienne. Meneval tells us nothing that we did not know before, and know from Bourienne, about the personal habits and characteristics of Napoleon. His tone is very different. He is an abject admirer of his master, to whom he had every reason to be grateful. The same things looked very different to him and to the cast-off Bourienne. Allowing for this difference of color, each of the two books confirms the other, and herein is the whole value of Meneval's volumes.

There has never been a finer illustration of the spirit of Napoleon's soldiers than is given in the narrative of General de Marbot.<sup>1</sup> Grave doubts have been cast upon the accuracy of some of his recollections, simply on the ground that they are too good to be true. Such series of adventures as is crowded into the years from the siege of Genoa to the hundred days, so many hairbreadth escapes, so many thrilling episodes, seem to belong rather to the Orlando Furioso than to the nineteenth century. I do not know that any particular incident which he narrates has been disproved, but the general tenor of the book sets one wondering whether the whole is not a work of the imagination. Where there is opportunity for the verification of any particular story it seems to be confirmed by *aliunde* testimony. There are dozens of adventures any one of which might set up an ordinary man for life. The tale of the battle of Eylau, the storm of Ratisbon, the narrow escape from capture of the allied sovereigns on the night before the battle of Leipzig, are only a few of the many wonderful things which we owe either to the experience or the imagination of Marbot. One can hardly fail to believe that there is a good deal of exaggeration, but there must also be a great deal of truth. However "dressed-up" may be the incidents, the whole narrative brings to us a picture of military life under Napoleon painted

<sup>1</sup> The *Memoirs of Baron de Marbot*. Translated by A. J. Butler. N. Y. and London: Longmans, Green & Co. 1892—2 vols.

in the most vivid colors. The enthusiastic zeal with which Napoleon was served, the devotion with which men freely offered up their lives for his glory, and the personal charm of the man which made these things possible, are nowhere else so strikingly set forth. Its value as a contribution to history is very great, not because of its accuracy, which is somewhat doubtful, but for its atmosphere, so to speak. We live on the field and in the camp, and learn to know what that life was with all its glory and its horror.

The greatest defects of Napoleon's statesmanship, the blunders which brought him to ruin, really arose from his utter ignorance of the simplest errors of elements of political economy. The fatal policy of commercial war, which was inaugurated by the Berlin decree, and which was the fundamental point in the agreement of Tilsit, was the most potent cause of Napoleon's failure. It came home not only to men's bosoms, but also to their business. Napoleon had no conception that he was dealing with immutable laws, which were bound to assert themselves. Perhaps the most interesting part of Chaptal's<sup>1</sup> very interesting book is that in which he tells of the amazing ignorance of Napoleon in this regard. He had an absolute contempt for commerce, and refused to believe that it was really a source of wealth. He could not understand that the removal of goods from a place where they were not wanted to a place where they were wanted actually increased their value. He thought that he "could make commerce manœuvre like a battalion." This notion, which appears on the largest scale in the "continental system," is illustrated in many details which Chaptal gives, and convinces us that here was the weakest spot in this lofty intelligence. Sainte-Beuve accounts for the overthrow of Napoleon by saying that "the nature of things revolted." No part of the universal order more fully entered into this revolt than economic law. "Genius is great, but the universe is great also; and there is a moment when the nature of things, including the self-consciousness of nations . . . . rises up and takes vengeance; when the universe,

<sup>1</sup> *Mes Souvenirs sur Napoléon* ; par le Cte. Chaptal, Paris, 1893.

which genius intended to suppress, again gets the upper hand."

Chaptal had peculiar opportunities for seeing and comprehending some aspects of Napoleon, and his impressions are of great value so far as concerns these aspects. His great ability as an administrator, which showed itself and was developed in his chemical works, and whose greatest monument is found in the administrative system of France, which, as Minister of the Interior, he organized for Napoleon, made him one of the best and most successful of the statesmen of the time. So far as his energy, intelligence, and industry went, he was a man after Napoleon's own heart. Yet he had the defects of his qualities, and there were certain real limitations to his powers of observation, aside from the personal feeling which warped the views of most men who were in close relations with Napoleon. He tries hard to be just, but is not successful in reaching any such judicial frame of mind as we find in the writings of Pasquier. The very form in which Chaptal puts his recollections lessens their value as material for history. They are not a narrative of personal experience, but a record of personal judgments. Yet they have a value and a very high one, and must be counted a very important addition to the literature of the subject.

The publication of the memoirs of Chancellor Pasquier<sup>1</sup> cannot fail to modify the common judgment of the man. The characteristic which made him a member of so many ministries and so many combinations of political groups through a long series of years, and which won for him the epithet of "the inevitable," appears to have been not, as has been commonly thought, a selfish opportunism, but a thoroughly sincere and practical desire to serve his country in any exigency which might arise. His narrative has a tone of grave honesty which can hardly be the result of literary art. It seems to come from the character of the man. His course appears to have been dictated by a spirit which is rare among French statesmen. He was very practical in his politics, and he was so in no bad sense. He understood the

<sup>1</sup> *A History of My Time. Memoirs of Chancellor Pasquier.* Translated by C. E. Roche. N. Y.: Charles Scribner's Sons. 1893-4—2 vols.

art and necessity of political compromise, knowing that half a loaf is much better than no bread; willing to put up with the best possible, even when it was not the best conceivable.

Yet he was not without his political theories, and political principles, but he was ready to learn from experience. Throughout his life he favored a "strong" government, but he learned from his experience under the Empire, that the strength of despotism might be weakness. His ideal in its final form was a constitutional monarchy in which the monarch was decidedly the preponderating force.

The founder of the Pasquier family was that Etienne Pasquier who in the sixteenth century won for himself a great name both in law and literature. His descendants followed his profession, and, as members of the *Parlement* of Paris, formed a part of that great legal aristocracy who through generations accumulated wealth and enjoyed the social and pecuniary privileges which were attached to their hereditary functions. It is a striking illustration of the brevity of history that Etienne-Denis Pasquier, the author of these memoirs, who died so lately as 1862, was himself a member of the *Parlement* of Paris.

M. Pasquier's life was a singularly interesting one, and would be so, if we took into account nothing but the rapidly changing influences to which he was subjected and the extraordinary scenes through which he passed. His mother was a very pious woman of the Jansenist type, but her piety did not save her from falling under the influence of Rousseau. Her son had the misfortune to be a child at the time when the educational theories of Emile were the prevailing fad among the women of the upper classes in France. The generalization that children should be hardened by clothing them very lightly was applied to this small individual of three or four years during two exceptionally cold winters with the result of making him chilly through the remaining ninety years or more of his life.

According to his own account his mental education was not more successful than his physical discipline. It was conducted successively by two private tutors and by the Oratorians in their college at Juilly. Not having learned much

up to the time of his leaving college, he was set to the study of law, with a view to fitting him for the hereditary profession. He gave little attention to it, and it would have profited him little had he done so, for the principal text-book to which he was introduced by his instructor was the *Contrat Social*; a fact which leads him into some sage reflections on the decay of the French bar. With such preparation he was admitted to the *Parlement* as Councilor by special dispensation before he was twenty-one. By all his traditions and by his membership in the *Parlement*, he was thoroughly committed to the doctrine that the absolute power of the king should have some constitutional limitations. The events which followed his admission to *Parlement* in 1787 soon did away with any liberal sentiments that had found their way into his political convictions, and the course of the Revolution, of which he was a close observer, brought him to a conviction that the safety and order of France could be secured only by the strong hand of an autocrat. To any one who could restore safety and order he was prepared to give his support, and it cost him no effort and the sacrifice of no principle to take office under the Consulate, the first form of government which seemed to him to have given promise of permanence and power. It was not, however, until after the establishment of the Empire that he entered the Council of State, as a *maître des requêtes* upon the creation of that office. No one ever appreciated more thoroughly than Napoleon the value to the public service of a hard-headed, intelligent, and honest worker. The existence of such qualities in M. Pasquier accounts for his appointment in 1810 as Councilor of State, and, later in the same year, as Prefect of Police. M. Pasquier accepted the latter office only upon the understanding that the hateful work of political police should be confined to the office of the Minister of Police, which was then filled by Savary. This corresponded precisely to the desire of Napoleon, who wished to make a magistracy of the Prefecture, and to win for it a popular respect which it had not hitherto received. Pasquier was peculiarly fitted for this work, and he gave to the office dignity and respect, while the dirty work of the imperial spy system was left in



the fit hands of the Duc de Rovigo. This office he continued to hold until after the first restoration. During these years Pasquier learned by experience the evils of unlimited despotism, and returned to his first opinion from which he never afterward really departed (notwithstanding a very famous utterance of his), that the government of France should be a strong one guarded by some guarantees for the civil rights of the subject. When the great fabric of the Empire fell with a crash upon the plains of Leipzig, it was a matter of no surprise nor grief to Pasquier, but it was the beginning of a period of great anxiety to every patriotic soul in France. He was ready to accept and to serve any government which promised to serve the public welfare. He cared little for the Bourbons as such, nor did anyone else except the Bourbons themselves and the little clique of unforgetting and unteachable fanatics who surrounded them. No one has ever more clearly shown than does M. Pasquier that the restoration of the Bourbons was due to no choice of the French people or the allied sovereigns, but simply to the fact that there was nothing else to do. Because here seemed to lie the one hope of orderly government, M. Pasquier did what he could for the restoration of the ancient royal house, and served it to the best of his ability. Soon after the restoration he was relieved of his office, and appointed Superintendent of Roads and Bridges, an office which was very much to his taste. Upon the return of Napoleon he was exiled from Paris, and came back at the second restoration to hold for a short time the Ministry of Justice, and *ad interim* the Ministry of the Interior. With the fall of Talleyrand's ministry in 1815 these memoirs end. There is in these volumes no hint that there are more to follow, but it is to be hoped that M. Pasquier has left some record of his political experiences through the remaining twenty-three years of his public life.

Not only was this life an interesting one in itself, but the record of it is an interesting book. The earlier part of it is so in the same way that the intelligent record of the French revolution by an eye-witness is always interesting, but its main value is to be found in the part which relates to his



own participation in public affairs. He was conscious that posterity would be not nearly so much interested in him as in the stirring events in which he lived. This is illustrated by the greater fullness with which he treats public affairs as he comes to know more and more about them. The first of the three volumes covers a period of forty-four years, while the events of four years fill the other two.

In the very modest preface to his work, M. Pasquier very modestly gives his reasons for using the title "A History of My Own Times." The use of that title will be justified to the modern reader by the fact that it really is a history, rather than personal memoirs. The events of 1814 and 1815 are related with such calmness and judgment as we might expect from a disinterested historian of a much later generation, and with a personal knowledge of detail such as could belong to few men of his own time. His own cold, dispassionate nature, his accurate powers of observation and the opportunities afforded by his official place, enabled him to write of the events in which he took part and of the men with whom he was associated, in a judicial tone which is very rare. This is most striking of course in his judgments of men. He does not conceal his likes and dislikes, but his descriptions of his associates seems rather to be explanations of his opinions than to be colored by those opinions. There were no two men whom he disliked more thoroughly than Talleyrand and Fouché. His sketches of them have the unpitying truth of a photograph, but he never hesitates to award them praise where praise is due, nor fails to appreciate any public service which either performed. These Memoirs were begun in 1822 and seem to have received their last revision in 1829, but the judgments which they contain of these two men differ hardly in a detail from the historical judgments of to-day. It is certainly rare that a writer of memoirs is able to attain even the appearance of such discretion.

The official places which were successively held by M. Pasquier of course gave him uncommon opportunities for knowing and understanding passing events of state. There were many councilors of state, whose opportunities were as

good as his had they known how to use them ; but as Prefect of Police, at the time of the first occupation of Paris, he was called upon to preserve order within the city. This business brought him into the closest possible relations with the allied powers as well as the new French authorities, as soon as there were any. No other competent witness, who was deeply engaged in the affairs of the two restorations, has made any such important testimony concerning them. Talleyrand might have done so had he been a competent witness, but we always have difficulty in accepting his testimony ; we have no reason for ever believing his unsupported word. Talleyrand's Memoirs are disappointing because they are uninteresting, not because they are untrustworthy ; that was to be expected. On the other hand, the first impulse of the reader is to believe Pasquier, where he speaks of his own knowledge. He tells us so clearly of the senseless blundering, and worse, of the returned emigrants, that we can no longer fail to see why the return of Napoleon was possible. At the same time we cannot fail to see why it was altogether futile, that a French victory at Waterloo would not greatly have altered the course of history, and could have delayed the date of his final fall only a little ; that the game was played out beyond all hope on the field of Leipzig, that the French nation could never really trust him again, and that the rest of the world was really in earnest this time, that " the universe had again got the upper hand."

It would altogether transcend the purposes and limits of this article to enter upon the details of M. Pasquier's recollections which give them their great value. The most possible is to call attention to a few of the particulars which are especially interesting. Napoleon wisely chose Pasquier as his agent in his dealings with religion. Consequently we have here an account of the Hebrew sanhedrim, the Catholic synods, and the dealings with the Pope, far fuller and more interesting than any writer has hitherto given. These illustrate Napoleon's views of religion as an objective reality and as a political instrument. His effort to make the venerable religions of the world minister to his own ambition,

partially successful as it was, is better displayed in these pages than elsewhere, and we also see the dangers which he incurred in trying to make use of "the leaven of Herod."

An interesting illustration of Pasquier's political sagacity is found in his commentary on Talleyrand's course at the Congress of Vienna. For Talleyrand's method he has only the warmest appreciation. The extraordinary diplomatic skill which enabled the representative of humiliated France to become the arbiter of Europe, meets the fullest recognition. But the main object for which Talleyrand worked seemed to Pasquier a mistaken one, and his judgment has been confirmed by the course of events. Napoleon's treatment of Prussia generally has been execrated, because it has been supposed that it rested upon personal resentment. He was certainly addicted to such resentments, but he did not commonly allow them to shape his political ends. We must look for other reasons for his harsh treatment of Prussia, and they are not difficult to find. He divined that the great obstacle to French aggression and to the permanence of his own empire lay in the possibility of German unity under Prussian leadership. His object was to make such leadership impossible. Therefore it was that he left to the King of Prussia only the eastern half of his dominions, the half which was farthest from France and which was quite as much Sclavic as German. Such a Prussia was not likely to become the center of a movement toward German nationality. That such was his view and intention is confirmed by every detail of his German policy. This view was not shared by Talleyrand at Vienna. Either the shrewdest of diplomatists was less far-seeing than his former chief, or else he cared less what might happen in the future, when he should have gone to his own place. The Saxon question, upon which Talleyrand won the greatest of diplomatic triumphs, was the one which in the solution which he dictated laid the corner-stone of German imperialism. Russia and Prussia demanded that all Saxony should be ceded to the latter. Talleyrand opposed this successfully. Prussia received about half of Saxony and further compensation in western Germany. It was this western extension of Prussia

that made it the great central power of Germany and the nucleus of German unity. The rest of the statesmen at Vienna were, apparently, as blind as Talleyrand to the real meaning of the settlement, but Pasquier saw it in the second decade of this century as clearly as we see it to-day. There seems a prophetic element in his criticism of the settlement, and no one can now read that criticism without a feeling of wonder for the political wisdom of the writer. His long life was not long enough to see German unity made practicable in 1866, nor France washed down beneath its flood in 1870, but we know that he was right in believing that the diplomatic triumph of France in 1815 would lead the way to national disaster for France.

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## RECENT REFORMS IN TAXATION. II.<sup>1</sup>

### III.

IN our review of the tax reforms in England and New Zealand we have seen that the changes were largely the outgrowth of a popular agitation; in the states now to be discussed the reforms were more directly the result of scientific discussion. This is especially true of the Netherlands. Mr. N. G. Pierson, to whom all the recent tax laws are due, is the author of the ablest Dutch treatise on Economics and Finance. He was also at one time a university professor, and for many years the President of the Bank of the Netherlands. For several decades he had been devoting himself to the consideration of fiscal problems, and when he was made Minister of Finance in 1891, he immediately set about the task of bringing the tax system more in accord with the demands of modern theory. In his budget for 1892 he sounded the keynote of the new programme—a more equitable distribution of the burden of taxation. Pierson claimed that the poorer classes were taxed too much, and that the wealthy were taxed too little. The problem was how to bring about an equilibrium.

The Dutch revenue system was composed in large part of indirect taxes. Import duties, it is true, were very light indeed, but the internal revenue or excise taxes were still burdensome. The direct taxes comprised, as in France and some other countries, a land tax, a business tax, and the "personal tax" calculated according to house rent. The business tax had grown to be very unequal, being based on very rough outward signs; and the personal tax, which took the same share from large and small rentals, proved to be a serious drain on the poorer classes. Whole sections of the population, moreover, were virtually exempt. Pierson therefore proposed a fourfold reform:

(1), The abolition or decrease of the more vexatious excise duties; (2), the enlargement of the business tax into a gen-

<sup>1</sup> Cf. Vol. III., p. 352, Feb. 1895.

eral income tax ; (3), the reconstruction of the personal tax through the introduction of a progressive scale and other changes ; (4), a reform of local taxation so that the local and general taxes together might form an harmonious whole. Of these reforms only the first two were accomplished, when the ministry was overthrown on an entirely different point. Yet even these partial reforms represent a distinct step in advance and deserve our attention.<sup>1</sup>

The first step was the reduction in the excise duties. Accordingly in 1892 the excise on soap was abolished, and that on salt was reduced from 9 florins to 3 florins per hundred kilogrammes. The vexatious registration duty on the transfer of land was lowered from 6.27 to 2.15 per cent., or in the case of a second transfer within the same year from 1.09 to 0.40 per cent. With the exception of a minor tax on meat, there were thus left only the duties on spirits and sugar, which were retained as in other countries as essential features of every tax system. This reform in itself proved to be a distinct relief to the poorer classes.

Of far more importance were the changes made in the direct taxes. The business tax, akin to the French *patentes*, had become in many ways inadequate and unjust. It was now to be replaced by a tax on the actual, rather than the assumed, income and it was to be so extended as to reach income from other sources than business. Pierson deemed it wise to separate this projected tax into two parts, one of which should apply to the income from property alone, while the other should include all other incomes. In the first case, however, it was thought best to make the tax in large part one on the property itself, rather than on the income from property. The earlier law thus provided for what is termed the Property Tax.<sup>2</sup>

The question that immediately presents itself is: Why should there be a separate property tax? The answer is:

<sup>1</sup> The best account of the recent changes, the discussion in Parliament and the previous attempts at tax reform will be found in an elaborate article by G. M. Boissevain, *Die neueste Steuerreform in den Niederlanden*, "Verhandl. archiv," vol. XL (1894), pp. 415-746. This also contains the text of the laws themselves.

<sup>2</sup> Act of Sept. 27, 1892.

Largely for administrative purposes. The administration of the tax would thereby be put into the hands of the officials already familiar with the land and inheritance taxes, while the income tax would naturally fall to the officials acquainted with the business tax. Secondly, the local authorities might desire to add a percentage to the property tax rather than to the income tax. Thirdly, it would be the most convenient method of arranging for a different or higher taxation of income derived from property than of income derived from labor. In addition to these points the rather doubtful argument was advanced that the same amount of capital affords different rates of income according to the varying security of the principal, and that the poor man who cannot afford to make much of a choice generally prefers securities with higher rates of interest. To tax income instead of capital would be to favor the rich man. Finally, in answer to the objection that a non-dividend producing security would also be taxed, it was urged that this could not be avoided even under an income tax ; for if the capital value of a security would fall in any one year more than the amount of interest or ordinary dividend, the income tax would be paid not from income but from capital.

Dubious as some of these reasons were, they found favor with Parliament. But even in the property tax, the principle of income was not wholly abandoned. For in the case of real estate, the owner may elect to have the value estimated by the annual revenue, the capital value being fixed at twenty times the income. It may be said in passing that the property tax applies only to individuals, not to corporations; and that furniture, objects of art, scientific apparatus, life insurance policies, and a few other categories,<sup>1</sup> are not included in taxable property.

A point of considerable importance is that the old land tax is levied in addition to the property tax. The landowners had for many years blocked the way to any change in the system by the assertion that to tax their land by the land

<sup>1</sup> Such as articles of food ; the right to pensions or annuities ; property of which the usufruct is enjoyed by some one else ; debts, wages and other income which is yet due.



tax and again by the property tax would involve a gross double taxation. But Pierson had long ago espoused the capitalization theory of the land tax. He had maintained that an exclusive tax on land becomes a kind of rent-charge, depressing the selling value of the land by a sum equal to the capitalization of the annual tax. The new purchaser makes an allowance for the tax in the purchase price, and buys to that extent an exemption from future taxation. Since, therefore, all other owners of property were now to be taxed for the first time, it would be unjust to exempt the landowners from the property tax. The land tax is a rent-charge; the property tax is a real tax. The situation was deemed to be the same as in England, where the land tax exists side by side with the income tax on land.

Were this article anything more than a bare summary of the recent legislation it might be shown that there was a partial fallacy in Pierson's reasoning. For the theory of amortisation, as it is called, holds good only on the assumption that the land tax is an exclusive tax.<sup>1</sup> Yet as a matter of fact, even under the old Dutch system, there was also a tax on business or business property. Be that as it may, Pierson's argument prevailed; but several concessions were made to the landed interest. The rate of the land tax was reduced from seven to six per cent., the transfer duties on land were abolished, the official assessment of land to the property tax was purposely kept somewhat below the actual value, and agricultural capital, by a legal fiction to be mentioned in a moment, was exempted from the income tax. In these several ways it was sought to remove the imputation of double taxation. But it may be questioned whether this object was entirely attained.

The fundamental feature of the new system is the coördination of the property tax with a complementary income tax, and the attempt through a combination of the rates substantially to reach the taxable faculty of the individual. The official name of the income tax is, "tax on income from occu-

<sup>1</sup> For a fuller statement of the amortisation theory, including a reference to Pierson's earlier scientific views, see my work *On the Shifting and Incidence of Taxation*, 52-62.



pations and other incomes,"<sup>1</sup> although it is generally called the business tax. The tax is levied on all "gains and wages" which are defined to include 'the amount of all net revenues from business, trade, manual labor, occupation or enterprise from temporary work or activity of any kind, from contractual or non-contractual profits, whether in cash or in securities.'" The law applies to corporations as well as to individuals, while the property tax applies only to individuals. But if the corporation pays the income tax, individual security holders are exempted. In order to obviate the double taxation which would plainly result from taxing business capital through the property tax, and business profits through the income tax, recourse is had to an expedient so familiar in Switzerland and also practiced in Massachusetts. The property tax is presumed to reach four per cent. of the income; hence the income tax is payable in almost all cases only on the surplus profits over and above four per cent. In this way the property and the income taxes together are deemed to include the whole income.<sup>2</sup> In the case of capital invested in land the income is declared to be legally equivalent to four per cent. Agricultural capital is hence exempt from income tax, as it had previously been free from the business tax, although the land is liable to both the property and the land tax.

In respect of the rate of taxation the new Dutch laws recognize the principles of differentiation as well as progression. To differentiate the rate by taxing incomes from property more heavily than incomes from labor was, as we know, one of the avowed reasons for the enactment of the two separate laws, and did not meet with much opposition. But when the project of graduating the tax was introduced, the discussion, as in all such cases, grouped itself about two main points. On the one hand the partisans of a strict proportional rate maintained that progression connotes socialism and confiscation. On the other hand the extremists declared

<sup>1</sup> Belasting op bedrijfs= en andere inkomsten. Act of Oct. 2, 1893.

<sup>2</sup> For a fuller discussion of this arrangement from the standpoint of theory, see my article on *The Taxation of Corporations*, *Political Science Quarterly*, vol. V. (1890), 640-641.

their belief in the socio-political theory of taxation, according to which progressive taxation should be utilized as an engine to remove inequalities in fortune. Pierson took the middle ground, declaring his opposition to both these theories and maintaining that a moderate progression was a logical conclusion from the theory of faculty in taxation. As he put it, "progressive taxation must never be a principle (as the socialists would have it), but only the application of a principle."

The practical arrangement was as follows: Property under 13,000 florins is entirely exempt; from 13-14,000 the tax is fl. 2; from 14-15,000 the tax is 4 fl. If the property exceeds fl. 15,000 but is less than fl. 200,000, the tax is 1.25 per mill for the surplus over fl. 10,000. Property of 200,000 fl. would therefore be taxed fl. 237½. For every 1000 fl. above fl. 200,000 there is an additional tax of 2 fl. In other words, there is an abatement in all cases for a certain part of the property (fl. 10,000); there is a complete exemption for a minimum of subsistence (fl. 13,000), and an abatement for a somewhat larger amount (fl. 15,000); and finally there is a slightly progressive rate. For if income is reckoned as 4 per cent. on property, the property tax of 1.25 per mill (on sums below fl. 200,000) equals an income tax of  $3\frac{1}{8}$  per cent.; while a property tax of 2 per cent. (on sums above fl. 200,000) equals an income tax of 5 per cent. Owing to the deduction of fl. 10,000, as well as to the complete exemption of fl. 13,000 and the abatements for fl. 13,000 and fl. 14,000, the property tax computed as an income tax would vary from zero to almost five per cent. This will be seen from the following table:

Property fl.	Tax fl.	Amount per mill.	Percentage of income.
12,000	0	0	0
13,000	2	0.15	0.37
14,000	4	0.29	6.72
15,000	6.25	0.41	1.02
20,000	12.50	0.62	1.35
25,000	18.75	0.75	1.87
50,000	50.—	1.—	2.50

Property fl.	Tax fl.	Amount per mill.	Percentage of income.
100,000	112.50	1.12	2.80
150,000	175.—	1.17	2.92
200,000	237.50	1.19	2.97
210,000	257.50	1.23	3.07
220,000	277.50	1.26	3.15
250,000	337.50	1.35	3.37
500,000	837.50	1.67	4.19
1,000,000	1,837.50	1.84	4.59
3,000,000	5,837.50	1.95	4.86
5,000,000	9,837.50	1.97	4.92
10,000,000	19,837.50	1.98	4.96
20,000,000	39,837.50	1.99	4.98

In the income tax it was proposed to observe the same principle of graduation, but the rate was to be less. Since fl. 200,000 is equivalent to fl. 8,000 income, the original plan was to tax labor incomes above a certain minimum 2 per cent. up to fl. 8,000, and 3 1-5 per cent. above that, instead of the  $3\frac{1}{8}$  per cent. and 5 per cent. respectively of the property tax. That is, labor incomes were to be taxed three-eighths less than property income. But it was decided to make the minimum of subsistence higher in the income tax than in the property tax, partly because of the existence of indirect taxes and partly for other reasons. The consequence was the necessity of two schedules in the income tax, one for labor incomes alone, and one for taxpayers already subjected to the property tax. In the case of labor incomes the tax is levied only on the surplus above fl. 650. But as the property tax is levied only on the surplus above fl. 10,000 (which corresponds to an income of fl. 400), the income tax on property incomes is levied on the surplus above fl. 250 (or the difference between fl. 650 and fl. 400). The higher rate, therefore, begins in this case not with fl. 8,000 (as in the case of labor incomes), but with fl. 8,200. In the case of mixed labor and property incomes, the proportion can be readily calculated for each. What seem to be very complicated schedules are thus really the result of very simple computations. For purposes of reference the exact schedules are printed herewith.

SCHEDULE A. Labor Incomes.		SCHEDULE B. (for those liable also to the Property Tax.)			
		When Property amounts to fl. 13,000 or fl. 14,000.		When Property varies between fl. 15,000 and fl. 200,000	
Income.	Tax (in florins).	Income.	Tax (in florins).	Income.	Tax (in florins).
650 to 700.....	1	250 to 300.....	2	250 to 300.....	1.25
700 " 750.....	2	300 " 350.....	2.75	300 " 350.....	2
750 " 800.....	2.75	350 " 400.....	3.50	350 " 400.....	2.75
800 " 850.....	3.50	400 " 450.....	4.25	400 " 450.....	3.75
850 " 900.....	4.25	450 " 500.....	5	450 " 500.....	4.25
900 " 950.....	5	500 " 550.....	5.75	500 " 550.....	5
950 " 1000.....	5.75	550 " 600.....	6.50	550 " 600.....	5.75
1000 " 1050.....	6.50	600 " 650.....	7.25	600 " 650.....	6.50
1050 " 1100.....	7.25	650 " 700.....	8	650 " 700.....	7.25
1100 " 1150.....	8	700 " 750.....	8.75	700 " 750.....	8
1150 " 1200.....	8.75	750 " 800.....	9.50	750 " 800.....	8.75
1200 " 1250.....	9.50	800 " 850.....	10.25	800 " 850.....	9.50
1250 " 1300.....	10.25	850 " 900.....	11	850 " 900.....	10.25
1300 " 1350.....	11	900 " 950.....	11.75	900 " 950.....	11
1350 " 1400.....	11.75	950 " 1000.....	12.50	950 " 1000.....	11.75
1400 " 1450.....	12.50	1000 " 1050.....	13.25	1000 " 1050.....	12.50
1450 " 1500.....	13.25	1050 " 1150.....	14	1050 " 1100.....	13.25
1500 " 1600.....	14	Over 1050.....	14 +	1100 " 1200.....	14
1500 " 8200.....	14	2 florins for every hundred fl. on surplus over fl. 1050.		Over 1100.....	14 + 2
+ 2 per cent. on surplus over fl. 1500.		But if income, together with 4 per cent. on the taxable property, exceeds fl. 8150, a tax of 1.20 per cent. is payable on the excess.		florins for every hundred fl. on surplus over fl. 1100.	
Over fl. 8200, fl. 148 + 3.20 per cent. on surplus over fl. 8200.				But if income, together with 4 per cent. on the taxable property, exceeds fl. 8200, a tax of 1.20 per cent. is payable on the excess.	

When property exceeds fl. 200,000, the tax is 3.20 on every hundred florins income over fl. 200.

It may be said, in passing, that there are two additional schedules in the income tax. Corporations are taxed  $2\frac{1}{2}$  per cent. in all cases, and foreign traveling salesmen pay a fixed tax of fl. 15. On the administrative features of the laws there is no time to dwell here. The one point deserving of mention is that the returns both of property and of income rest on the principle of self assessment, supplemented by careful official scrutiny.

After the passage of these two acts Pierson prepared to undertake the reform of the personal tax and of the local tax system. He had indeed contemplated the introduction of

the progressive scale into the tax on house rentals. But before the bill could be discussed and before his wider plans for the other changes were at all completed he was compelled to resign for reasons entirely disconnected with these financial problems.

The reform of the Dutch tax system is thus only a partial one. But enough has been accomplished to entitle Pierson to a high place in the ranks of fiscal reformers. The exaggerated burdens on the lower classes have been lessened, the tax on incomes has been generalized and equalized, the principles of progression and differentiation have been introduced. In short there has been a notable step taken in the realization of the doctrine of faculty. Open to criticism as the scheme is in some of its details, the plan in its broad lines constitutes an undeniable step in advance.

#### IV.

While England, Holland and New Zealand have been occupied chiefly with the reform of general state taxation, Prussia has been fortunate enough to take one step further and to address itself to the solution of a problem which the other countries declare to be the next point of attack. The reform of local taxation and the relation between the general and the local tax systems constitute a problem which to-day confronts all countries. For no really harmonious scheme can ever be attained, until the claims of conflicting or overlapping jurisdictions are satisfactorily adjusted. In federal states like Germany, Switzerland, and the United States the matter is still further complicated by the demands of the central government. But in all countries the fiscal relations between the state and the local spheres of government are confused and exceedingly unsatisfactory. The immense increase in local needs has everywhere pushed this problem into the foreground. The solution about to be inaugurated in Prussia is therefore a matter of far more than mere local importance.

In order to understand the situation it is necessary to dwell for a moment on the Prussian tax system. In Prussia, as well as in the other German states and in most of the



remaining countries of the continent, the state system was based on the principle of taxing product. The old general property tax had long since disappeared and had been replaced by a system which attempted to reach the constituent elements of produce. Instead of taxing a man personally on his property the plan now was to tax the various sources of revenue themselves. The thing, and not the person, was primarily responsible; and therefore the new taxes received the name of real taxes, as over against the former personal taxes.<sup>1</sup> These taxes on product (*Ertragsteuern*) as they are called in Prussia, or real taxes (*impôts réels*) as they are called in France, everywhere included taxes on the product of land, of buildings, and of business. The land tax, the house tax, and the business tax form the fundamental elements. In addition to these, one or two other taxes are sometimes made use of, to round out the system. What was omitted in the three taxes above was the product of money lent at interest and the produce of labor. Some of the German states, therefore, desiring to be logical at all costs, added a tax on interest (*Kapitalrentensteuer*) and a tax on wages (*Lohn-und Besoldungsteuer*). But in most cases the wages tax was omitted because the laborer already bore more than his share, and the tax on interest was replaced by a more general tax which endeavored in some way to reach the personal situation of the taxpayer. Thus in France shortly after the revolution the "personal and movable" tax was introduced, which tried to reach a man's personal situation through his expenditures.<sup>2</sup> In Prussia the three taxes were supplemented by a class tax, which was to reach the taxpayer in some rough proportion to his revenue.

In the course of time, however, it came to be recognized that product was for many reasons too rough a test of faculty in taxation; and the tendency, recent evidence of which has

<sup>1</sup> This nomenclature must, of course, not be confused with that sometimes employed in America, where real taxes mean taxes on realty, and personal taxes denote taxes on personalty.

<sup>2</sup> In France, it is true, there is an additional tax, "the door and window tax." But all French writers confess that it is retained simply because it is difficult to find anything acceptable to take its place.

been seen above, now began to replace product by income. Thus the class tax in Prussia was somewhat modified already in 1821 in the direction of an income tax, until after successive changes in 1851 and 1873 the tax became a complete general income tax in 1891. The land, house, and business taxes were nevertheless retained. This mixture of taxes on product and taxes on income was recognized as illogical, but was defended simply on the ground that the government could not yet dispense with the former. At the same time the business tax was radically reformed, so as to afford a far more accurate criterion of the real business income. The reform of the income tax and the business tax, while exceedingly important, will be passed over here, partly because the laws were enacted four years ago and have been well treated as separate measures elsewhere,<sup>1</sup> and partly, because the principles involved were about the same as those alluded to in the reform of Dutch taxation. Above all, the real significance of the recent Prussian legislation lies in a different domain, and has not yet been discussed by any English or American writer.

The Prussian legislator in desiring to reform the whole tax system was confronted by several tasks. In the first place, in order to realize the principle of personal taxation rather than of product taxation it would be necessary to supplement the income tax by some other tax, so that their joint yield would render it possible to dispense with the taxes on product. Secondly, it would be necessary, as in Holland and elsewhere, to provide for a differentiation as well as for a progression of taxation. Thirdly, since the local needs differ from the general needs a clear distinction would have to be drawn between the sources of local revenue and the

<sup>1</sup> Cf. The Prussian Income Tax by J. A. Hill, *Quarterly Journal of Economics*, VI., 207, and an article on The Prussian Business Tax by the same writer in the same Journal, VIII., 77. The most elaborate treatment of the subject is to be found in two articles by Prof. A. Wagner, *Die Reform der direkten Staatsbesteuerung in Preussen im Jahre 1891*, *Finanzarchiv*, VIII., 551-810 and XI., 1-76. Cf. the articles by Jastrow, *Studien zur preussischen Einkommensteuer*, in *Jahrbücher für Nationalökonomie und Statistik*, LVIII, 634, 839 and LIX, 75.

sources of general revenue. Separate taxes would have to be assigned to each sphere of government activity.

Let us see how these several tasks were accomplished. Just as the English reforms were largely the work of Harcourt, and as the Dutch reforms were due to Pierson, so in Prussia the chief credit must be given to the finance minister, Dr. Miquel, although he was here simply walking in the path cleared for him by the foremost economists.<sup>1</sup>

When the income tax law of 1891 was discussed, the hope was expressed that its yield might be sufficient to enable the state to do away with the taxes on product. For notwithstanding the labored arguments of some writers the simultaneous existence of income and produce taxes was recognized as illogical. But even though the principle of progression was applied to the income tax it was thought that the yield would fall far short of the desired amount. To increase the rate of the income tax above the four per cent. fixed in the law as a maximum was impossible. Accordingly an earnest effort was made to expand the existing collateral inheritance tax into a direct inheritance tax. This plan came to naught. Nothing remained therefore but to continue the old taxes on product.

The agitation nevertheless went on and was helped along by what was conceded to be a defect in the income tax. Although the principle of progression had been introduced, no provision had been made for a differentiation of the tax. Income from labor was taxed at the same rate as income from property. Dr. Miquel therefore proposed to introduce a supplementary property tax, hoping in this way to achieve

<sup>1</sup> The leading German articles on the topics are as follows: J. Jastrow, *Die Vermögensteuer und ihre Einfügung in das preussische Steuersystem*, *Jahrbücher für Nationalökonomie und Statistik* LIX, 161; R. Friedberg, *Zur Reform der Gemeindebesteuerung in Preussen*, *ibid* 321-341; F. Adickes, *Ueber die weitere Entwicklung des Gemeinde-Steuerwesens auf Grund des preussischen Kommunalabgabengesetzes vom 14 Juli, 1893*, *Zeitschrift für die gesammte Staatswissenschaft*, L. 410-452, 583-658. The best treatment of the whole topic, including a history of the earlier system, a description of the government bills and the discussions in Parliament, as well the text of the law itself with commentaries, is to be found in F. Adickes, *Das Kommunalabgabengesetz vom 14 Juli, 1893, für den praktischen Gebrauch mit einer geschichtlichen Einleitung und Erläuterungen versehen*, Berlin, 1894, 8vo, 396 pp.



both of the desired results. For since this property tax, like all nominal property taxes, would really be paid out of the income of the property, it would act as an additional tax on income in so far as the income was derived from property. Labor incomes would pay only the income tax, property incomes would pay both income tax and property tax. Thus a practical differentiation would be introduced. Moreover, this supplementary tax would be a tax on the property owner and would be a substantial addition to the personal taxes, rendering it possible for the state to dispense with the taxes on product.

This reasoning prevailed, and the law of 1893 was enacted, which provided for a "supplementary tax" of five mills (or one-half of one per cent.) on all property.<sup>1</sup> Exemption is granted to all property of less than 60,000 marks; to all persons whose income does not exceed 900 m., provided their property does not exceed 20,000 m.; and to women wage earners and minor orphans whose income does not exceed 1,200 m., and whose property does not exceed 20,000 m. Into the details of the law it is not possible to enter. The law itself was not to go into force until April 1, 1895.

What is far more important is the change that was now made possible in the local revenue system, and its relation to the state system.

The German local revenue system was exceedingly unsatisfactory. In most of the towns indirect taxes on consumption played a considerable rôle; in some places indirect taxes on transfers yielded a substantial sum. But in so far as direct taxes are concerned we find everywhere that the

<sup>1</sup> *Ergänzungssteuergesetz* von 14 Juli, 1893. The tax is arranged in classes so that the 5 mills rate apply only to the lowest figures in each class.

Property.	Tax.
Thus 6,000- 8,000 marks pay 3 marks.	
10,000-12,000	" 5 "
20,000-22,000	" 10 "
40,000-44,000	" 20 "
60,000-70,000	" 30 "

From 70,000-200,000 m. the tax increases 5 marks for each 10,000 m. Above 200,000 m. the tax increases 10 marks for each 20,000 m.

	Population.	Total Taxes.	Taxes on Consumption.	Per cent. of all Taxes.	Taxes on Real Estate.	Per cent.	Taxes on Business.	Per cent.	Taxes on Wages and Professions.	Per cent.	Taxes on Interests.	Per cent.	Taxes on Income.	Per cent.	Taxes on Rentals.	Per cent.	Total Taxes per Head of Population.
Alten	153,400	34,266,666	575,858	1.68	5,083,690	14.84	---	---	---	---	---	---	15,502,232	45.24	12,760,686	37.24	22.34
Alten	329,683	5,330,558	1,698,376	30.71	501,816	10.16	---	---	---	---	---	---	3,165,090	57.23	---	---	16.78
Alten	276,000	4,055,896	---	---	544,220	11.69	135,569	2.91	---	---	---	---	3,912,299	84.03	---	---	16.87
Alten	195,050	2,444,832	173,769	6.57	236,089	8.93	---	---	---	---	---	---	2,203,016	83.30	---	---	13.52
Alten	176,320	6,091,559	---	---	497,631	8.17	8,077	0.13	---	---	---	---	4,226,242	69.38	1,189,215	19.52	34.55
Alten	136,950	2,025,528	---	---	127,215	4.85	---	---	---	---	---	---	1,139,237	43.39	---	---	19.21
Alten	71,420	1,209,770	467,489	38.64	1,291,797	49.20	---	---	---	---	---	---	526,819	43.55	---	---	16.94
Alten	63,380	1,215,408	516,332	34.07	247,628	16.34	67,484	4.45	---	---	---	---	662,846	43.74	---	---	23.02
Alten	56,720	616,827	---	---	93,638	15.18	---	---	---	---	---	---	515,280	83.54	---	---	10.87
Alten	213,430	4,935,025	---	---	501,803	10.17	---	---	---	---	---	---	3,455,096	70.01	---	---	23.12
Alten	270,570	5,656,010	1,440,176	25.46	915,378	16.18	---	---	---	---	---	---	1,307,287	23.11	1,253,820	22.15	20.90
Alten	312,380	6,227,683	2,154,201	31.10	1,423,130	20.54	1,008,043	14.55	416,570	6.61	923,313	13.33	---	---	---	---	22.18
Alten	136,830	2,274,725	749,131	32.93	497,220	21.86	468,305	20.59	115,324	5.07	299,149	13.15	---	---	---	---	16.02
Alten	72,970	1,365,631	572,786	41.94	181,735	13.31	183,566	13.44	59,282	4.34	159,217	11.66	---	---	---	---	18.71
Alten	138,010	3,493,109	990,054	28.34	996,537	28.53	946,157	27.09	90,433	2.59	300,991	8.62	---	---	---	---	25.31
Alten	74,440	1,497,306	218,780	14.61	312,057	20.88	509,526	34.03	---	---	---	---	359,221	23.99	---	---	19.85
Alten	70,960	960,744	280,152	29.16	202,266	21.05	116,029	12.14	---	---	---	---	142,894	14.87	182,604	19.02	13.52
Alten	71,450	1,854,653	540,025	29.12	330,323	17.81	341,416	18.41	---	---	---	---	97,583	5.26	558,358	30.11	25.96
Alten	56,080	1,305,060	472,164	36.18	190,308	15.27	133,485	10.23	---	---	---	---	386,328	29.60	---	---	23.27
Alten	121,940	2,379,735	1,984,373	83.39	134,576	5.66	151,204	6.35	---	---	---	---	---	---	66,793	2.81	19.52
Alten	75,970	1,540,340	1,147,123	74.47	130,189	8.45	187,379	12.20	---	---	---	---	---	---	---	---	20.28
Alten	59,500	922,641	812,512	88.06	40,942	4.44	43,779	4.74	---	---	---	---	---	---	---	---	15.51

NOTE.—The figures are in Marks. The table is taken from Neefe, Statistisches Jahrbuch Deutscher Städte, Zweiter Jahrgang, 1892, pp. 384 *et seq.* It is quoted in part in the essay by Adickes, p. 415, who has arranged the cities according to their location in the various commonwealths. The 3d annual statistical publication for 1893 omits the figures of taxation. They will be given in the issue for 1894 which has not yet appeared.

towns simply added a percentage to the state taxes. In most cases these would be taxes on product like the land, house, business, interest, and wages taxes. Where state income taxes existed, a local percentage was also added, so that the amount of income taxes alone paid by a townsman often exceeded eight or ten per cent. Only in four towns, among them Berlin and Frankfort, were there any taxes on rentals. In order to present the facts clearly, the table on page 53 is appended. In Prussia the matter was still further complicated by the so-called *Lex Huene* of 1885, which provided that a certain share of the imperial duties on agricultural products should go to the local divisions instead of to the Prussian state.

The shortcomings of this whole system were so obvious and became so intolerable that Prussia boldly attempted to abolish them at one stroke. The fundamental principles that emerged in the discussion of the subject during the session 1892-93 may be summarized as follows :

The relation of the individual to the local community is somewhat different from his relation to the state at large. The town is to a certain extent an association of business interests. While therefore the obligation of the citizen to contribute to the general burdens should be regulated by the principle of faculty or ability, it is eminently proper that in the case of the local bodies more attention should be paid to the principle of benefits. In the localities, therefore, an extension should be given to the principle underlying what we in the United States would call special assessments and fees. An argument of somewhat the same nature, although its precise terms would carry us too far astray here, led to the demand of the real-estate tax as one of the fundamental sources of local revenue. A tax on real estate is a real tax, a tax on product, not a personal tax. And the real estate tax is an especially good local tax, partly because the benefits of local expenditure accrue primarily to the real estate and thus increase the faculty of the owner ; partly because it would at once remove from the public arena the unseemly disputes about inequality of rate and equalization, with which the public abroad is scarcely less familiar than are we in America.

On the other hand the income tax is unsuitable for a local tax, chiefly because amid modern complications income cannot well be localized. The sphere of local indirect taxes again should be carefully restricted, because local taxes on consumption are apt to press with undue severity on the poorer classes. But since other classes also, as well as real estate owners, share the duty of contributing to local burdens, the real estate tax should be supplemented by a business tax, in the shape of a real tax, rather than a personal tax. Thus the conclusion is easily reached:—personal taxes in the shape of the income tax and supplementary property tax for the state government; real taxes, like the land tax, the house tax and the business taxes for the locality. Join to this a diminution in the local indirect taxes, and an increase of special assessments and fees, and we have a system which is logically defensible and practically workable.

In accordance with these ideas the three great laws of July 14, 1893, were passed. The first law provided for the supplementary property tax and has already been mentioned. The second law<sup>1</sup> abolishes as sources of state revenue the real taxes, that is, the land tax, the house tax, the business tax and the old tax on mines. The first three are handed over to the communes or localities, and some minor changes are made in the business tax with this end in view. This law, like the other acts, was not to go into effect until April 1, 1895, partly in order to leave time for the arrangement of the local system, partly in order to enable the state income tax to be perfected so that its increased yield would more than compensate for the loss of the taxes on product. Finally, the third law<sup>2</sup> regulates the sources of local revenue.

According to this law the local bodies are not only permitted, but directed, to impose fees and special assessments in cases where the local action results in a special measurable benefit to the individual; and the extent of these charges is

<sup>1</sup> Gesetz wegen Aufhebung direkter Staatssteuern. This is printed in Finanzarchiv X., 795-801.

<sup>2</sup> Preussisches Kommunalabgabengesetz. This has been published in Finanzarchiv. X., 318-341. The best edition is the one of Adickes, mentioned above, with commentary and notes.

definitely regulated. Indirect taxes are not forbidden, but it is provided that no new or increased taxes may be imposed on meat, corn or bread, potatoes and the articles of common consumption. Direct taxes may be imposed on real estate and business. In special cases a local income tax may be levied as an addition to the state income tax. But a maximum is fixed and permission is given to substitute in its stead taxes on expenditure, which must be so arranged as not to impose on the poor a heavier burden than on the rich. In no case can a local general property tax be imposed. Finally, the existing taxes on rentals must not be increased. The statute does not affect in any way the revenue rights of the localities from industrial enterprises or municipal monopolies, with the one striking exception that the charges must be sufficient to provide a revenue at least equal to the interest on the outlay and a yearly addition to the sinking fund. The law closes with some minor provisions applicable to county or provincial revenues.

Into the details of these laws it is manifestly impossible to go. Were there space, it would be fruitful to call attention to some errors in the general theory and to some mistakes in the practical arrangements. Thus the abolition, rather than the improvement, of the rentals tax; the retention of the indirect taxes; the failure to provide for a state inheritance tax; and the inadequate working out of the principles of the corporation tax constitute undeniable blemishes. But all these defects sink into insignificance when compared with the one great boon—the final acceptance of the principle of segregation of source as between local and state revenues. For this all reformers have been contending the world over—in France as in Australia, in Italy as in America. To have successfully accomplished this result and to have brought it in harmony with the doctrine of faculty, is an achievement of sufficient importance to entitle Dr. Miquel to a high place in the ranks of fiscal reformers. The year 1895 will mark an epoch not only in Prussian, but also in international finance.

After the survey in this article and its predecessor it is needless to point out the lessons applicable to the United

States. The economic conditions of the civilized world are everywhere fast becoming the same; and upon the changes in economic conditions depend the changes in financial systems. In old Europe as well as in young Australia the same tendency is unmistakable—the trend to greater justice in taxation. When four important and widely distant countries reform their system almost simultaneously, and upon the same general lines, the inference is irresistible that the causes of the movement are of far more than merely local significance. To shut our eyes to this world movement would be supreme folly. To profit by its lessons and to bring our own system in line with the demands of modern science and of modern conditions will be no less wise than it is inevitable.

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## THE WESTERN POSTS AND THE BRITISH DEBTS.

### II.

THE first portion of this article traced the line of diplomatic discussion and argument on the subject of western posts which England retained within our territories after 1783. The aim of the present paper is to show what England gained or hoped to gain from the retention of these places, and also to answer, with as much definiteness as possible, the enquiry as to whether or not British officials from the vantage ground of these frontier positions incited the Indians to wage their barbarous warfare against the United States. It has long been asserted that England retained our territory simply as a pledge or pawn for our good behavior or to secure the fulfillment of the treaty on our part. No doubt these motives were influential; but it has already been shown that her conduct suggested other purposes. If she retained our posts merely as a pledge, she seemed for a long time more than content with her securities and was not anxious to have us redeem them. Moreover the retention of these positions involved expense and was troublesome and full of difficulties. One would not be surprised to find that more money was expended in the holding of these pledges than was unlawfully detained from the British creditors. That the Canadian officials would have liked permanently to retain the northwest is evident. That England hoped to wrest the country from us or that she hoped to hold the frontier until she could pounce upon her distraught quondam colonies and absorb them again into her dominions is possible, although little if any direct evidence of this appears in the documents or correspondence I have examined. But it is clear that in her first refusal to withdraw north of the boundary line, she was actuated not by future possibilities, but by certain present conditions, and that her retention of our territory was induced by a consideration of very definite aims and by a deference to very real interests. We may

therefore enquire what England gained by the retention of our territory and what definite and immediate purposes were thus to be subserved.

She retained control of the fur trade. The letters passing between Haldimand on the one hand, and North and Sydney on the other, show that these interests were in the minds of the Canadian authorities and of the English ministry.<sup>1</sup> The fur trade was a matter of much interest to Haldimand and involved many difficulties upon the close of hostilities. The Americans felt specially aggrieved that they should lose this traffic<sup>2</sup> because of the presence of the British and of hostile Indians on the frontier. The Canadians, clinging to the profits of the trade, were "indignant at a lavish unnecessary concession, which induced the negotiators of the treaty with America to lay at her feet the most valuable branch of trade in this country."<sup>3</sup> Every effort was therefore made to keep the enterprising people from the States out of the Indian territory. These men had endeavored, almost before peace was declared, to make their way into the back country to secure valuable places of settlement whence they might control the trade.<sup>4</sup> In 1784 there was an unusually large traffic in furs, the profits of which fell into the pockets of the Canadian merchants; and the Americans seemed in consequence more anxious than before to secure the territory and to win the influence which yielded such good return. The British on the other hand feared that the ambitious traders from the States, covetous of these privileges, would endeavor to occupy the posts, and

<sup>1</sup> Can. Arc. B. 57, p. 558. The more salient portions of these letters have been quoted or referred to ante, p. 411-413, in the first part of this article. Sydney said that the evacuation of the posts should be delayed "at least until we are enabled to secure the Traders in the interior country and withdraw their property."

<sup>2</sup> Wait's Am. St. Paps., vol. i., p. 281.

<sup>3</sup> Simcoe Papers I., p. 73, quoted in Kingsford's Hist. Canada, vol. vii., p. 345. These words were used somewhat later than the beginnings of peace, but I have given them here because they well illustrate a continuing dissatisfaction.

<sup>4</sup> Rep. Can. Arc. 1877, p. 242, Ar. B. 123, p. 369. Such at least appears to be the desire of the traders pushing into the west in 1783.



the commanders were cautioned to be on their guard.<sup>1</sup> The Americans must have been sorely tried by their exclusion from the fur country, but perhaps not to the extent that the Canadians thought; for the colonial officers seemed to look upon every advance of our troops against the Indians as a menace to the posts, and to have believed that our desire to secure the fur trade was an ever potent one. Dorchester wrote to Grenville as late as 1790 that America was raising troops ostensibly to subdue the Indians, but apparently to attack the posts and secure the trade.<sup>2</sup>

The fur traders were alarmed at the announcement of the boundaries agreed upon between Canada and the United States. Much of their traffic was south of the line and they must needs establish new posts if the English withdrew at once from American territory. They began correspondence with Haldimand on the subject and arrangements were being made to seek other positions, when Sydney's letter was received by Haldimand authorizing the retention of the posts at least until the traders could withdraw their property. Haldimand at once decided that it was not necessary to withdraw their property or seek new places, because the posts for the time being at least would be retained.<sup>3</sup> Benjamin Frobisher, one of the influential traders, was zealous to obtain security for the trade and he discloses the importance of the posts in the following words: "If ever this country see the fatal moment of giving up the upper posts probably others may be established."<sup>4</sup> The necessity of protecting the fur trade did not perhaps have so much influence upon Haldimand at first as did the other reason which I shall

<sup>1</sup> Instructions of Haldimand November, 1784.

Can. Ar. B. 222, p. 31, also Rep. Can.

Ar. 1890, p. 149, Ar. Q. 24-1, p. 191.

<sup>2</sup> Rep. Can. Ar. 1890, p. 242, Ar. Q. 44-1, p. 121.

It must be remembered that the initiative in all this matter came from Haldimand. He refused to deliver and suggested the reasons and the excuses to the Home Government.

<sup>3</sup> Mich. Pio. Col., vol. xx, p. 226. Rep. Can. Ar., 1888, p. 65-71. Note E. in full.

<sup>4</sup> Same Report, p. 64, note E.

mention in a moment; but when once the retention of the posts had been determined upon, it was apparent every day that the evacuation of American territory would involve a large loss in trade. Morris told Pitt very frankly in 1790 that England could have no other reason for holding these positions than a desire to control the trade.<sup>1</sup> Had it not been for this, he intimated, England would have chosen more ordinary and reasonable methods of retaliation.

The fur trade was of considerable value. It was reported to Lt. Gov. Hamilton in 1785 to be worth £180,000 of which £100,000 was from within the limits of the United States. In 1780 "the trade to the upper countries" was reported to be worth £200,000 sterling.<sup>2</sup> And yet probably the game was not worth the candle. The retention of the posts involved great expense, and moreover, as Morris told Pitt, London would have remained the center of the fur trade whoever carried it on in America.<sup>3</sup>

The Americans claimed, with some justice, that, had the fur trade fallen naturally into their possession, they could have paid their British debts. "The furs which would have been obtained," said Adams, "if the posts had been in our hands, would have come to England in payment of debts to the amount probably of several hundred pounds."<sup>4</sup> This was one of the definite evils arising from the detention of the posts which Jefferson laid down in his communication to Hammond, May 29, 1792.<sup>5</sup>

<sup>1</sup> Am. St. Paps. For. Rel., vol. i, p. 124. Montreal merchants in this year memorialized the government asking that if the posts were given up, the country should be declared neutral for five years in order to give them opportunity to withdraw their property. Rep. Can. Arc., 1890, p. 281, Ar. Q. 50-1, p. 61.

<sup>2</sup> Same Rep., p. 56, note C. in full.

<sup>3</sup> Report to Gov. Haldimand given in full in Report of Canadian Archivist for 1888, note E., p. 59. One-fourth of all furs exported from Canada are here reported to come from Detroit and Niagara.

<sup>4</sup> Am. St. Papers For. Rel., G. & S. ed., vol. i, p. 124. Adams had said that if we succeeded in getting the fur trade we could furnish France with skins to the amount 2,000,000 livres in exchange for her merchandise. It is doubtful, however, if the course of trade could have been drawn into that channel. Dip. Cor., 1783 to '89, vol. i, p. 694.

<sup>5</sup> Ibid., vol. ii, p. 379.

<sup>6</sup> Wait's Am. St. Papers, vol. i, p. 281.

A consideration of the fur trade leads to another conclusion. The legitimate traders, the men, it is to be presumed, who had influence with the government, did not desire war between the Americans and the Indians. They were anxious for the retention of the posts, but actual war was injurious to their business interests. This fact is continually made evident. I do not mean to assert that the vagabond, irresponsible half-breeds and rovers were averse to war. There were doubtless many such fellows in the western country, half-savage and quite as brutal as the red man. But it is unfair to charge the conduct of these men to the British government or to the Canadian authorities. We do not wish to bear the odium for all the lawlessness and cruelty of the frontier Americans during this period.<sup>1</sup>

The proposition that the legitimate traders did not desire war almost proves itself. Evidence, however, can easily be produced to settle the question beyond peradventure. In January, 1791, Colonel Beckwith,<sup>2</sup> who had been sent for certain—or perhaps rather uncertain—diplomatic purposes from Canada to Philadelphia, held a conversation with Alexander Hamilton and Mr. Wm. Macomb of Detroit. Macomb was asked by Col. Beckwith whether the traders had directly or indirectly induced the Indians to commence or continue hostilities. "Impossible," was the answer, "it would be the ruin of their trade, and the present Indian war will cause many bankruptcies in Detroit."<sup>3</sup> Lieut. Gov. Simcoe wrote thus to Hammond, August 24, 1793: "I scarcely think it necessary to represent to your excellency that of the three Branches into which the fur trade of this province is divided—The Detroit, Michillimackinac, and North West, that the former is totally ruined by the subsisting hostilities, etc."<sup>4</sup>

<sup>1</sup> I do not mean to charge all our pioneers with lawlessness and cruelty. That would be the vilest slander. But there were Americans, who, either provoked to madness by Indian outrages or because of their inherent love of war, were ruthless and revengeful. See example—St. Clair Papers, vol. ii, p. 238.

<sup>2</sup> As to who and what he was see Report of Can. Arc., 1890, p. xi and xli.

<sup>3</sup> Given in full, *Ibid.*, p. 167, note E. The whole interview is instructive. Macomb's testimony seems to me to bear the earmarks of truth.

<sup>4</sup> Can. Ar., Q. 279, part 2, p. 525.

A most interesting letter was written by Dundas to Lord Dorchester in 1791. One quotation from this letter must be given in this connection; "If the Indians are either extirpated from their countries or rendered insecure in the possession of them, our trade in that quarter, and which your Lordship and the merchants of Montreal state to be so valuable, must be injured, and the enjoyment of it rendered precarious." Dundas was desirous of peace. It is true, he was also determined to retain the posts; but he evidently did not wish war to disturb the trade.<sup>1</sup>

Another reason for the retention of the posts, in addition to the preservation of the fur trade, is one lying not quite so plainly on the surface, and yet is in part connected with the former one. The British Government desired to keep control and influence over the Indians, to the end that the trade might be secured, and that in case of war with America or Spain, the tomahawk and the scalping knife might once more be called into requisition. There seems now to be something like slander in such a proposition, but the war of 1812 and the massacre at the River Raisin preclude our denying the possibility of such a purpose. It is noteworthy that when there was danger of war between England and Spain in 1790 a cargo of presents for the red men was hastily shipped from London to Quebec. The two ends to be subserved in the retention of the posts are well outlined in a secret dispatch sent by Dorchester to Sydney in 1787: "Should it be determined to surrender these posts the States will immediately become masters of Forts, strong enough against Indians, with a communication tolerably secure which will greatly facilitate the reduction of that people and draw on us many reproaches:

<sup>1</sup> Given in full in Rep. Can. Arc., 1890, p. 173. Ar., Q. 52, p. 206.

A letter written by the Northwest traders to Sir John Johnson, Aug. 10, 1791, contains striking evidence. Johnson is asked "to represent to Dorchester the alarming situation of their trade south of Detroit; the chief part of it is carried on in the Miamis country, and last year the traders suffered loss by the burning of the Miamis Village. . . . So long as the war between the Americans and Indians continues the trade must stop, as neither the lives nor property of the traders are safe, nor can the goods be exchanged for skins." I give the words of the Report of the Can. Archivist for 1890, p. 302. They purport to be a condensation and not exact transcript.

At the same time we shall lose great part of the fur trade and open a door for much smuggling.”<sup>1</sup>

Fear of the Indians, as well as a wish not to lose control over them, actuated Haldimand to refuse the delivery of the posts and to write his somewhat urgent and suggestive letters to the Home government. Probably he was at first more strongly actuated by this anxiety than by any other; for there is evidence that he feared the worst consequences either to the Americans or to the English from a relinquishment of these important positions. The English would be charged with betraying their savage allies, if the posts were abandoned; and, moreover, Haldimand was afraid to give such an indication of weakness. He wrote hastily to McLean at Niagara, April, 1783: “I shall if possible avoid promulgating them (the boundaries) in hope of receiving from England some consolatory instructions concerning the Six Nations and other Indian allies of whom I cannot learn, that there has been the least mention made in the provisional articles, this it is soon probable will reach their knowledge, and the precautions suggested in my last will be the more necessary. I wait with the utmost anxiety for dispatches from England, etc. . . . I recommend in the meantime in the strongest terms your nicest attention to the management and conduct of the Indians.”<sup>2</sup> After reading this letter one needs no explanation of Haldimand’s refusal to deliver the posts to Steuben or Hull.<sup>3</sup> Nearly a year later<sup>4</sup> Haldimand wrote that having not received instructions concerning evacuation he would “not risk the consequences with the Indians of disbanding and reducing the Troops” until he had received dispatches. That there was some ground for apprehension is shown by the great disgust which prevailed among the braves when they did receive knowledge of the boundaries.<sup>5</sup> Doubtless influenced by these considerations, Haldimand did not wish to speak of a *delivery*

<sup>1</sup> Can. Ar., Q. 27-1.

<sup>2</sup> Can. Ar., B. 104, p. 407.

<sup>3</sup> See ante pp. 409-12 and the reasons there given.

<sup>4</sup> March 29, 1784. Can. Ar., B. 63, p. 154.

<sup>5</sup> See especially Report Can. Ar., 1886, p. 32, Ar., B. 103, p. 175.

or a *transfer*<sup>1</sup> of the posts. He preferred to speak of evacuation; because he did not wish to have the red men think that their country had been turned over to the Americans. A mere withdrawal of the British troops would leave the question of occupation to be settled between the Americans and the Indians. How strongly he influenced the actions and the theories of the Home government, is well shown by a letter to Lord North, November, 1783: "To prevent such a disastrous event as an Indian War is a consideration worthy of the attention of both nations, and cannot be prevented so effectually as by allowing the Posts in the Upper Country to remain as they are for sometime. I already hinted to your Lordship my wishes that their orders will be to withdraw the Troops and stores from the posts within a certain time, and to leave the Indians and Americans to make their own arrangements."<sup>2</sup>

It must be said, then, that the first reason in Haldimand's mind for refusal to deliver the posts was an actual fear of the consequences. To save the Indians as allies, and not to turn them at once into enemies, to protect the traders in the interior, as well as to secure the trade, the posts must be held for the time being at least. When the time should come to withdraw the troops, the government ought to be content, he advised, with withdrawal, in order that they might declare to the Indians that they had not turned the country over to the Americans. Actuated by these motives Haldimand gave his first flat refusals to our demands for the posts. The government took the cue and determined for a time to hold these positions.

<sup>1</sup>"In all my transactions, I never used the Words either of my delivering or their receiving the posts." Can. Ar., B. 56, p. 214. That there should be danger to the Americans upon the withdrawal of the English is not strange. There might well have been a repetition of the conspiracy of Pontiac in some at least of its characteristics. It cannot be claimed, however, that Haldimand desired the temporary retention of the posts in order to guard the Americans from this danger. Had that been his purpose, he would not have been unwilling to *transfer* the posts, his aim would have been to put the Americans in charge of well equipped stations.

<sup>2</sup>Can. Ar., B. 57, p. 602. This is the earliest statement that I can find of the theory afterwards clung to that the evacuation of the Indian territory was not a *cession* to the United States as against the red men.

Such being the situation, a definite policy toward the Indian only gradually shaped itself in British councils. The hint given by Haldimand was elaborated and became, as we will see, an important part of their programme—viz., the establishment of the boundary line in the treaty of 1783 did not secure to the Americans the lands south of the line, nor rob the English of their previous influence and right of brotherly interference in this region. The other portions of the policy may be formulated somewhat as follows: The red men were to be assured of the friendship and sympathy of their former allies; presents were to be given them to keep them in good humor; it was desirable that they should be rendered secure in their lands, in western New York and as far east and south as the Ohio River;<sup>1</sup> if they should be driven out by the Americans they would be welcome in Canada,<sup>2</sup> but it was much better to have them south of the boundary line.

There is more than one reference in the correspondence of the time to the desirability of what in modern diplomacy is known as a "buffer state" between the United States and Canada.<sup>3</sup> Much of the English action was prompted by a wish to have all the Northwest fairly in the hands of the savages as a neutral ground between the two nations; for the ministers knew that, if the Indians were thus placed, by

<sup>1</sup> The English did not hold to these boundaries to the end. They were willing later that the Indians should establish a line farther to the west.

<sup>2</sup> Can. Ar., B. 50, p. 152; also Matthews to Brant, April, 1784; Rep. Can. Ar., 1886, p. 462; Ar., B. 64, p. 8.

<sup>3</sup> For example, Dundas to Dorchester, March, 1792, Can. Ar., Q. 581-1, p. 59; also Dundas to Clark: "The great object is to interpose a barrier by means of the Indians, or where thinly scattered by the strength and situation of the country so as to prevent encroachments on either side." I give the words of the report of 1891, p. 9, Canadian Archivist, purporting to be condensation of letter. Again, in a letter to Simcoe: "The Muskingum boundary, or any which will leave a sufficient interval between the provinces and the American States, is the object to be aimed at." Ibid., p. 31, *tres.*, Ar., Q. 280-1, p. 16. In 1794 Dorchester had risen to the pitch of believing that the *rights of England south of the boundary line were the same as before the treaty*. Rep. Can. Ar., 1891, p. 77, *bis* Ar., Q. 69-1, p. 185. A neutral belt was desired even as late as the treaty of Ghent.

lavish presents and tender care their friendship could be retained and the traffic in furs kept in the hands of the Montreal merchant. Some of the authorities came to the belief that the treaty of Utrecht determined the position and status of the Indians,<sup>1</sup> all later treaties to the contrary notwithstanding. At times it is very difficult to determine how these men could have interpreted the treaty of 1783. Portland, for example, approves of Simcoe's statement that the treaty of Utrecht settles the matter, and declares that "the treaty of 1783 in describing the line between the two countries, is perfectly silent as to the privileges and claims of His Majesty, be they what they may, within the Indian country south of the Treaty line."<sup>2</sup> Surely our commissioners at Paris worked for a bauble if that is all the line meant.<sup>3</sup>

If the Indians were to remain secure in their possessions, continue the firm friends of England and her ready allies in case of war, they must be influenced not readily and weakly to yield to the American commissioners or to grant away their possessions with a lavish hand.<sup>4</sup> That the Indian might present a more determined resistance to the blandishments of the persistent Yankees, they must be kept united. Zeal for unification among the Indians was a continuing policy from 1783 to at least 1790.<sup>5</sup> England indulged in a little self-righteous glorification on this subject; her real reasons were not so much the welfare of the Indians as

<sup>1</sup> Can. Ar., Q. 280-1, p. 201.

<sup>2</sup> Rep. Can. Ar., 1891, 35 *tres*, Ar., Q. 280-1, p. 231. The words quoted are those of the report.

<sup>3</sup> The English, I think, did not formulate that principle, if such one dare to call it, until late; but their acts were, with some exceptions, nearly in accord with the doctrine during a good portion of the period of retention of the posts.

<sup>4</sup> Many references might be given. The following are simple examples: Rep. Can. Ar., 1886, p. 35, Ar., B. 103, pp. 243 and 246; also Rep., p. 40, Ar., B. 103, p. 355.

<sup>5</sup> Can. Ar., B. 104, p. 387; Q. 65, p. 282; June, 1793, Simcoe tells United States Commissioners that the policy of Great Britain ever since the conquest of Canada had been to unite the Indians to prevent petty jealousies. Am. St. Pps. Ind. Af., vol. i, p. 347.



a desire to have united allies and to hold the fur trade secure. As a part of this same policy, the Canadian officers wished that interviews between the red men and the Americans should be held in places where the susceptible savage might feel the influence of English backing. On the whole a sort of guardianship and tutelage over the Indians was supposed to remain in the English; and while the United States resented any assumption of power or influence south of the boundary agreed upon, England was indignant that Americans should settle within the territory which her former companions in arms claimed as their own. Of course such interference on the part of England was quite unauthorized, if the treaty of 1783 had any meaning. The United States authorities charged it to Great Britain that no peace could be secured. They believed that back of the Indian chiefs were intriguing traders and emissaries who instigated the red men to agree to no reasonable terms. Part of these charges are unfounded, in the way the Americans made them and believed them; but beyond doubt the English urged the Indian to remain united, and advised them not to listen too readily to the tempting allurements of our peace commissioners. Moreover the Indians were given to understand that they would be cared for.<sup>1</sup> Sydney officially announced that it was not consistent with justice to leave them to the mercy of the Americans.<sup>2</sup> Moreover, food and other necessities were provided at British expense to the Indian engaged in treating with the United States.<sup>3</sup> Only when hungry is a brave amenable to reason.

<sup>1</sup> Can. Ar., Q. 26-1, p. 24; also Q. 28, p. 28; also Q. 27-1, p. 44. These references include explicit instructions from the home government, e. g., Sydney to Dorchester, 1787. "His Majesty's servants considering that the protection of the fur trade and perhaps the general security of the Province of Quebec, may in some measure depend on the part these people may take, would rather submit to an augmentation of such supplies than suffer them to be discontented or dissatisfied, particularly at this moment, etc."

<sup>2</sup> Can. Ar., Q. 26-1, p. 73.

<sup>3</sup> Mich. Pio. Col., vol. xx, p. 313. It is not supposable that this was always, if at all, for the purpose of encouraging the Indians not to make a peace, if it seemed a reasonable one in English eyes.

Having seen the general attitude of the English toward the Indians and some of their more general purposes, let us examine somewhat more at length the question as to whether or not border warfare was encouraged by the authorities. Our historians have continually made that accusation and at first sight it seems to be justified. But I am glad to be able to state, after an examination of the Canadian archives<sup>1</sup> for the purpose, that England and her ministers can be absolutely acquitted of the charge that they desired to foment war in the west.<sup>2</sup> I do not mean to assert that they were entirely without responsibility for a condition of affairs and for a state of mind on the part of the savages which made hostilities a certainty. But direct instigation is not chargeable to the English ministry at any time, nor to the Canadian authorities, before 1794. There was never a time when the orders of the Home Government to the colonial officials did not explicitly direct that war was to be deprecated and the Indians encouraged to keep the peace. Words seem at times inconsistent with acts; but the instructions are too frequent and too clear to be denied or misconstrued. A short survey of these instructions and other evidence of this assertion will establish the truth.

During 1783 Haldimand endeavored to dissuade the Indians from war. He affirmed, however, that he could not see them punished for their devotion to the royal cause, and that he should therefore help them against the incursions of the enemy.<sup>3</sup> In September of that year he wrote Sir John

<sup>1</sup> I have occasionally, as will be seen, referred to Mr. Brymner's Reports, which contain condensation of the letters, etc.; but I have in no instance reached a conclusion without copies kindly furnished me by Mr. Brymner or without cumulative evidence from the Reports. Where I have used the Reports alone I have tried always to indicate that fact. In some instances the Reports give liberal and full transcript of the letters.

<sup>2</sup> Roosevelt's "*The Winning of the West*," vol. iii., gives in a paragraph and without references, somewhat the same general conclusions as those here stated. Other books that I have examined reiterate the charges of a hundred years ago.

<sup>3</sup> Rep. Can. Archivist 1887, p. 562, Ar., B. 148, p. 133. "I have encouraged Brigad. McLean not only to refuse such aid in all offensive measures, but to employ every means to divert the Indians from undertaking themselves; at the same time promising them every assistance and Support in my power to oppose Incursions of the enemy, etc." Can. Ar., B. 58, p. 50. Haldimand here speaks of the Northwest as undoubtedly the property of the Indians.

Johnson that the savages should be encouraged to be forbearant and peaceful, although he does not expect them to see their land destroyed by the Americans.<sup>1</sup> After the definitive treaty, although the posts were retained, instructions to preserve peace were often sent by the ministers to the Canadian officials.<sup>2</sup> The Indians were asked to act only on the defensive and to throw the responsibility for hostilities on the Americans.<sup>3</sup> The years from 1790 to the battle of Fallen Timbers are the crucial ones. Here I find the same tone and temper in the authoritative instructions as in those of previous years. Indeed there seems to have been a desire for peace even among the western Canadians and Indian agents during the first portion of this period. The following piece of evidence is interesting and noteworthy. In November, 1790, Dorchester sent to Grenville the words of a certain number "7." These were probably obtained from the Colonel Beckwith already mentioned. "7" was Alexander Hamilton. He declared that there was no foundation for the idea that the Indians had British support, but that prudence would dictate the most pointed instructions to the officers at Detroit.<sup>4</sup> In September, 1791, Dundas wrote his Majesty's orders to Dorchester. They are explicit. His Majesty is concerned at the war and hopes that his officers have observed the strictest neutrality; were the war to continue England might be placed in an unpleasant situation. His Majesty therefore desires that every prudent measure be taken to effect a speedy termination of the hostilities.<sup>5</sup> Even

<sup>1</sup> Rep. Can. Ar., 1887, p. 155. See also Rep. 1886, pp. 33, 36, 28.

<sup>2</sup> Can. Ar., Q. 26-1, p. 73; Q. 27-1, p. 44.

<sup>3</sup> Can. Ar., Q. 26-2, p. 493, also Q. 26-1, p. 24. In September, 1790, Dorchester remonstrates with Sir John Johnson and orders certain sentences read from the instructions sent to a subordinate purporting to give reasons why the Indians should remain at peace among themselves. Dorchester's objection was that such instructions might indicate an unfriendly disposition toward the United States. Can. Ar., Q. 46-2, p. 526.

<sup>4</sup> The communication purporting to give the interview with "7" is given in full in Rep. Can. Ar., 1890, p. 163-4, Note E.

<sup>5</sup> Given in full. Rep. Can. Ar., 1890, p. 173, Note E. Ar., Q. 52, p. 206. In March, 1791, Grenville wrote Dorchester in a similar strain. He speaks of desirability of adjustment of points of dispute between the United States and

McKee, the western Indian agent, who has been charged with being the arch mischief-maker,<sup>1</sup> was acting under direct instructions<sup>2</sup> and seems to have obeyed them. The desire for peace continued through 1792 and 1793.<sup>3</sup> McKee then at the Rapids of the Miami seems to have been making efforts to bring about a cessation of hostilities.<sup>4</sup> At least he so reported, and the wishes of his superiors are so evident and so strong that one must find much better evidence than I have been able to discover to convict him of disobedience and dishonesty.

During the latter part of 1793 and the early part of the next year somewhat different conditions prevailed. From the landing of Genet in April of 1793 and the receipt of the news of the war between England and France, America was in a state of high excitement. There was the greatest danger of war. The excesses of the democratic societies and the extravagances of the mob awakened anew the distrust and watchfulness of England. That country seemed to forget that she had had her own French sympathizers, revolutionary societies, and "seditious writings;" that there had been riots and uprisings, lampoons and caricatures, follies and foibles, quite as foolish if not quite so wide-

the Indians as affording "an opening for a settling in some manner satisfactory to both parties, the difficulties which have occurred to prevent the execution of that part of the treaty which relates to the cession of the Posts." This was an indication that England was getting ready for the consummation reached in Jay's Treaty. Grenville was from the beginning more reasonable and friendly than Sydney. *Ar.*, Q. 50-1, p. 16. Also same report, where letters were given in full, p. 168, 169, 172. Also *Mich. Pio. Col.*, vol. xx., p. 311, 314, 320.

<sup>1</sup> McKee is called the chief mischief-maker and cause of the war in a number of books. See for example Lossing "Field Book of the War of 1812," p. 45, note. Wayne called him in 1794 "The British Indian Agent and principal stimulant of the war now existing, etc." The charge in 1794 at least had some foundation. *Am. St. Paps., Ind. Af.*, vol. i., p. 491.

<sup>2</sup> *Rep. Can. Ar.*, 1891, p. 15, *Ires Ar.*, Q. 279-1, p. 13.

<sup>3</sup> References are plentiful, e. g., *Can. Ar.*, Q. 62, p. 70, and Simcoe to Hammond, *Rep. Can. Ar.*, 1891, p. 55, *Ar.*, Q. 66, p. 208, and Q. 279, part 2, page 525.

<sup>4</sup> McKee assures Simcoe in 1793 that he had used no influence to prevent a treaty but expects to be blamed, and that he'd tried to persuade Indians to accept some boundary other than the Ohio. *Rep. Can. Ar.*, 1891, p. 55, Q. 66, p. 199.

spread as in America. It is easy even for us to overestimate the folly of our citizens at this critical juncture. The foolish madcaps made the noise and hanged the effigies, and history is apt to be led into the same mistake as Lord Dorchester, who seems not to have appreciated our self restraint and to have jumped at the conclusion that war was sure to come. The wonderful thing is that our country restrained its passion through all this period, when every nation of the world was poisoned with the revolutionary virus. The close of 1793 saw America on the whole obedient to Washington's proclamation of neutrality. England had little to complain of, and the danger of war might have been considered past unless a new irritant were applied. This was found in the orders in council and other acts of atrocious interference with neutral rights. In spring, 1794, there was a dreadful crisis. An embargo was declared. Other measures looking toward retaliation were introduced into Congress, and only the calm judgment and control of Washington saved us from a war. Jay was appointed as a special envoy to England.

When Jay had reached England and negotiations had been begun, the ministry were anxious that the prospect for settlement should not be disturbed by the folly of the Canadian officials or of the Indian agents.<sup>1</sup> But before this, Dorchester had made a false step and used words at which we took umbrage; and fortunate it was, in the sensitive condition of both countries, that war was not precipitated. He had just returned from England, and his words were thought, not unnaturally, to express the sentiments of the ministry. He told the Indians of lower Canada that English patience with America was "almost exhausted." "Since my return I find no appearance of a line remaining, and from the manner in which the People of the States push and act and talk on this side, and from what I learn of their conduct towards the Sea, I shall not be surprised if we were at war with them in the course of the present year, and if so a Line

<sup>1</sup> Rep. Can. Ar. 1891, p. 68, Ar., Q. 67, p. 175. Letter dated July 5, 1794. Jay reached England, June 8th, but did not have a meeting with Lord Grenville till the 20th, and not until the 27th was there much discussion. Am. St. Pap. For. Rel., vol. i., p. 476.

must be drawn by the warriors."<sup>1</sup> The speech, apparently much to Dorchester's annoyance<sup>2</sup> was noised about in the United States, and became a matter of diplomatic concern. It is to be noticed that Dorchester was reprimanded by the Home government. It is true the rebuke was a mild one; but the reprimand would have been sharper had the effect of that speech been fully known; for there is good reason to think that spite of these criminal words and the impudence of Hammond at Philadelphia, and spite of the fact that England wished to take advantage of her power upon the sea and to push us to the last extremity consistent with her own gain, she did not wish actually to provoke us into war.

It is possible, then, to free the English government entirely from the charge of endeavoring to foment war by direct instigation. It is necessary now to examine what was done by the Canadian authorities and the officials in the west, especially in the spring of 1794, and then to examine a little more closely the indirect instigation. I mean by this term to include that conduct on the part of Great Britain, which was not intended directly to encourage hostilities, but the real effect of which was the continuation of the Indian troubles if not the cause of them.

There was explicit encouragement of hostilities during Waynes' expedition to the northwest. Dorchester's speech was spread about among the western Indians and they were "mightily encouraged."<sup>3</sup> In April Lieut. Col. Butler read

<sup>1</sup> These most important words were acknowledged by Hammond when interrogated by Randolph. Am. St. Pap. For. Rel., vol. i., p. 462. Nothing but immense self-control could have enabled Washington and his advisers to give a soft answer to the reply of Hammond, which was impertinent and exasperating in the extreme. The speech is in Can. Ar., Q. 57, p. 109.

<sup>2</sup> Rep. Can. Ar. 1891, p. 65. Ar. Q. 67, p. 167.

It was natural that Dorchester and Hammond should be more irritating and more hostile to the Americans than were the English ministers. They were more sensitive to mob extravagancies in the United States, because they were a continual cause of provocation. But after all is said, it is still evident that Grenville had some conception of the very evident proposition that England had nothing to gain by forcing America into the list of open enemies. Dorchester and Hammond allowed their impatience to obscure their vision.

<sup>3</sup> Mich. Pio. Col., vol. xx, p. 345 and 351.

a speech of Dorchester's to a full council of the Six Nations at Buffalo Creek.<sup>1</sup> The Indians were much pleased with the contents of the speech and returned thanks to their "Father" for his attention to their interests. Butler addressed the braves on his own account as follows: "I have only a few more words to say to you. You have heard the great talk of our going to war with the United States, and by the Speech of your Father Just now delivered to you, you cannot help seeing that there is a great prospect of it." He then encouraged them to act harmoniously together. At this critical juncture Simcoe built a fort at the Rapids of the Miami.<sup>2</sup> He had orders from Dorchester; but he was doubtless not reluctant; for he of all the high officials seems to have been most suspicious of the Americans, and perhaps the most anxious to keep the northwest.<sup>3</sup> It was claimed that the fort was built primarily to defend Detroit. It was said to be but an outpost of Detroit and indeed but a reoccupation of a position held by the British during the latter part of the revolution,<sup>4</sup> the evacuation of which had been bad policy. As a matter of fact, it was now occupied as a preparation for the war, which Dorchester seemed to believe was at hand.

<sup>1</sup> This seems to have been the speech above referred to as scattered about among the Indians. Evidently its tenor was the same as that of February before mentioned. Kingsford makes no mention of this speech of Butler's, and the various American authorities have not seen evidence of this widespread effort to prepare the Indians for what Dorchester thought the inevitable war. The speech is in Mich. Pio. Col., vol. xx., p. 343.

<sup>2</sup> In April, 1794, Am. St. Pap. of Vol. i., p. 480.

<sup>3</sup> Goldwin Smith in his "The United States," says: "Simcoe, the Governor of Upper Canada, having fallen under suspicion, though an excellent officer was recalled." As a matter of fact Simcoe was in Canada till after Jay's treaty, and Dorchester was responsible for the most overt acts. I find no reason for thinking him right in his assertion.

<sup>4</sup> McKee said since 1781, Can. Ar., Q. 70, p. 11.

He gave a long account to Simcoe in this letter, asserting, practically, that the British flag had been constantly in that neighborhood since 1763. He says: "The position of these Posts has never been given up, and are considered part of the Dependence of Detroit." His argument is labored and simply shows that traders, and at times troops, had been there since 1783. Dorchester told Hammond the fort had been *reoccupied to preserve the trade* and to prevent Detroit from being insiduously strangled.



In the campaign of 1794, when Wayne was marching northward through Ohio to meet the Indians, the sympathies of the Canadian authorities were strongly with the red men. Simcoe wrote Dundas that he hoped Wayne would be defeated.<sup>1</sup> He was very anxious that the Indians should be kept united and interested in the welfare of Great Britain.<sup>2</sup> It is evident also that McKee, though not daring actually to engage in hostilities was now somewhat gleefully expecting war. He writes that due to Lord Dorchester's speech and the intrigues of the Spaniards, Indian affairs look "better."<sup>3</sup> Spite of British sympathies Wayne's expedition was successful. The Indians were routed. The battle was fought almost under the guns of the new fort and the braves were angered because the cannon were not used to defend them.

Did the Canadians directly participate in this war? Wayne asserted that they did. The evidence, which he produced, that white men took part in the attack upon him on the morning of June 30 is strong, if not absolutely convincing.<sup>4</sup> Many Canadians were engaged in the battle of Fallen Timbers on August 20. Of this there can be no doubt. Mr. Kingsford, in his *History of Canada*,<sup>5</sup> denies this fact on the ground that he has found the statement only in one place, viz: the "Life and Letters of the late Hon. Richard Cartwright." Cartwright there says that some of the Detroit militia under Captain Caldwell very imprudently

<sup>1</sup> Can. Ar., Q. 280-1, p. 178.

<sup>2</sup> This whole letter is a very important one. He says: "I have not been deceived in my conjecture of Brant. He has joined with all descriptions of persons in this Country in construing the occupation of the Post at the Miami's River, and Lord Dorchester's speech to the Seven Nations as to a certainty of Great Britain's being engaged in Hostilities with the United States. He has acted with firmness and vigor. The Cornplanter has also openly declared himself ready to obey any instructions. He shall receive from me his *best friend*." Simcoe added that he expected to use "all Land Batteries, Gun Boats, and the shipping to prevent if possible Mr. (Sic?) Wayne from obtaining any supplies from Presque Isle or elsewhere by that channel, etc." *Ibid.*

<sup>3</sup> Mich. Pio. Col., vol. xx, p. 35.

<sup>4</sup> Am. St. Pap. Ind. Af., vol. i, pp. 489-490.

<sup>5</sup> Vol. vii, p. 414, note.



joined the Indians in their action. He gives the names of four of these men, who were killed. This circumstantiality looks inconsistent with fabrication. Moreover, Wayne<sup>1</sup> gives conclusive evidence in his report of the battle. He says: "The woods were strewed for a considerable distance with the dead bodies of the Indians and their white auxiliaries, the latter armed with British muskets and bayonets."<sup>2</sup> He also includes in his report testimony of a native of Canada and a "volunteer in Captain Caldwell's company of refugees, friends and allies of the hostile Indians, captured in the action of the 20th instant." This witness testified that about seventy of the militia, including Captain Caldwell's corps, were in the action. Another prisoner gave substantially the same testimony.<sup>3</sup>

Wayne's victory brought the treaty of Greenville. Jay's treaty by providing for the transfer of the posts removed the great advantage for intrigue which the English had possessed, and deprived the Canadian authorities of that temptation to interfere, which had been the bane of our western history for so many years.<sup>4</sup> Even after the victory of Wayne, they hoped, however, that all was not lost. They strove to prevent the dispersal of the Indians into the south and west.<sup>5</sup> Joseph Chew wrote in despair from Montreal: "If the Indians remove to southern and western parts of the country the trade of Detroit, etc., is totally lost."<sup>6</sup> Ousted as the English were from these dangerous positions, they endeavored to cultivate Indian affection and friendship, in order to secure the furs and to be sure of their

<sup>1</sup> Mr. Kingsford does not believe this story because he finds no such assertion made by Wayne or any United States writer. The author has evidently not examined Wayne's report with sufficient care.

<sup>2</sup> *Am. St. Paps. Ind. Af.*, vol. i, p. 491.

<sup>3</sup> *Ibid.*, p. 495.

<sup>4</sup> June 1st, 1796. The posts were transferred that summer, at various times—not all sharply at date set.

<sup>5</sup> *Mich. Pio. Col.*, vol. xx, p. 372. Simcoe seems even to have given orders for a new block house on Swan Creek as late as October, 1794. *Ibid.*, p. 148.

<sup>6</sup> *Ibid.*, p. 145.

valuable alliance. The general policy which prompted the retention of the posts was not abandoned until long after the war of 1812.<sup>1</sup>

In considering what may be called the indirect instigation by the British, it is necessary to bear in mind the open sympathy which the English felt and expressed for the Indian, their attitude of guardianship, their retention of the posts, and, above all, the continual showering of presents upon their former allies, even when they were engaged in open warfare with us. The interests of the traders were too evidently dependent on the good humor of the red men for the government to neglect its ample largesses, although war was waging and the braves were largely dependent for subsistence on British generosity. All instructions from the Home government to preserve the peace were coupled with injunctions to defend the posts, and often with orders to give lavish presents to the Indians, and to be sure of retaining their friendship and alliance.<sup>2</sup>

At the close of actual hostilities, in 1782 and 3, there was an effort to cut down Indian expenses, but throughout this period it was necessary to supply the western warriors with an unusual quantity of rum to keep them in good humor.<sup>3</sup> The beloved fire-water was ever forthcoming to warm the red man's love for his English protector and ally. The commander of the post at Niagara doubtless told the truth when he said that one puncheon of rum would have more effect on the Indians than all the ability of Sir John Johnson.<sup>4</sup> One thing that prevented the cutting off of all presents was the fear that the Americans would endeavor to capture the posts. At such a time the Indian assistance would have to be depended on.<sup>5</sup> The surprise and seizure of the posts were constantly feared. Consequently it would not do to

<sup>1</sup> McLaughlin's *Lewis Cass*, Chapter iv.

<sup>2</sup> E. g., *Can. Ar.*, Q. 26-1, p. 73; Q. 27-1, p. 44; Q. 28, p. 28.

<sup>3</sup> *Rep. Can. Ar.*, 1886, p. 31; *Ar.*, B. 103, pp. 152-155.

<sup>4</sup> *Rep. Can. Ar.*, 1886, p. 34; *Ar.*, B. 103, p. 216.

<sup>5</sup> *Can. Ar.*, Q. 27-1, p. 44; *Ar.*, Q. 28, p. 28.

leave the braves without munitions of war. Sydney wrote Dorchester, April, 1787: "To afford them active assistance would at the present moment be a measure extremely imprudent, but at the same time it would not become us to refuse them such supplies of ammunition as might enable them to defend themselves."<sup>1</sup> Grenville's policy was more honorable and humane. He wrote, in 1789, that requisition for arms to carry on war against Americans should be prevented.<sup>2</sup> Yet even in his administration much needed aid was given the warriors. In 1791, and at times when it was equally important for us that the Indians should remain unaided, they were furnished with food. The British claimed that no unusual aid was granted, and yet, in all probability, the effect of their largesses was the continuation of the war. For they did not give gew-gaws and beads and trinkets alone, but food, and rum, and arms, and ammunition and blankets.<sup>3</sup> In this respect, as in others, the year 1794 marked a decided advance. The Indians against whom Wayne fought were greatly aided in equipment and partly fed at English expense. McKee seems to have been restless under instructions not to give more than usual.<sup>4</sup> But he was unfortunate in his demands for munitions of war. He wrote to the Colonial government for vermilion, guns, tobacco, gunlocks.<sup>5</sup> And again, "If his Excellency the commander in chief on your Application would be pleased to authorize the purchase of a few dozen Gun Locks of the best kind they would be of infinite service to the Indians at this

<sup>1</sup> Can. Ar., Q. 27-1, p. 44. The whole letter is a strong condemnation of Sydney's straightforwardness and humanity. See also his letter of Sept., Ar., Q. 28, p. 28.

<sup>2</sup> Can. Ar., Q. 42, p. 144.

<sup>3</sup> St. Clair's Papers, vol. ii, p. 194.

Rep. Can. Ar., 1890, pp. 288, 295, 299, 300, 302. McKee certainly gave provisions, etc., in 1791; possibly not with any unusual generosity or with hostile intent. Dorchester supposed not.

<sup>4</sup> Mich. Pio. Col., vol. xx, p. 364. Chew, however, speaks of additional supplies sent to Detroit. Ibid., p. 361.

<sup>5</sup> Ibid., pp. 360 and 373.

time."<sup>1</sup> He wrote to Colonel England at Detroit, thanking him for his exertions to supply the Indians with provisions.<sup>2</sup>

The conclusions of this paper have perhaps been clearly presented in the course of the narration. It is agreeable to be able to state that the English government did not encourage the Indians to war against a peaceful nation; but a candid examination of facts must compel one to acknowledge that England's conduct was neither ingenuous nor generous. We must admit that our breaches of the treaty justified retaliation, but she had reasons for retaining the posts other than those she assigned to us. Her sympathy with the Indians and her guardianship of their interests were largely actuated by a desire to have their horrible and infernal assistance in time of war. Her officers during at least one critical period gave direct aid and encouragement to the warriors. Her care for what she held to be their interests and were palpably her own, prolonged hostilities, even if it did not cause them. There was great truth in Brant's reproach, that, if they had not been interfered with by England, the Indians would have early made a safe and honorable peace with America.

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<sup>1</sup> Mich. Pio. Col., vol. xx, p. 356.

<sup>2</sup> Farmer's History of Detroit and Michigan, p. 266. The letter is there given in full. He also complained to Simcoe: "The most material articles of the Indian supplies are not yet come up, viz.: Blankets, Guns, Rifles, Ball, Flints, Knives, Tobacco and Paint, so that it is not in my power to make a distribution; the two last articles are so necessary that I made a requisition of Colonel England for the purchase of some, but he writes me that he does not consider himself authorized to approve of it, and I am now without any of these articles which to an Indian is as necessary as food, and constantly called for by them."

Can. Ar., Q. 70, p. 11. McKee did not obtain as much as he would have liked, but the evidence is strong that he obtained a good deal. He complains of the guns sent on the ground that they are not good enough for the Indians. Wayne's report was accompanied by evidence that the Indians had been supplied with provisions from the British stores. Am. St. Paps. Ind. Af., vol. i, p. 495.

## THE LONDON COUNTY COUNCIL AND ITS WORK.

**T**HOUGH the British Parliament conferred upon the other cities of Great Britain large powers of municipal government two years before Queen Victoria came to the throne, the inhabitants of the capital of the kingdom, outside of the City of London, were not allowed a municipal representative government worthy of the name until the year after her Jubilee in 1887. This long delayed grant of limited municipal powers finally came in an unsatisfactory form. The municipal charter of London has no specific number or name among the Parliamentary acts of Queen Victoria's reign. It is comprised mainly in clauses 40 to 45 of the Local Government Act of 1888, the purpose of which was to transfer the local government of the shires of England from the hands of the squires and clergy to county councils elected by the voters. It seems, therefore, somewhat strange that Her Majesty's Government should have incorporated the provisions for the difficult municipal administration of London with an act for the sparsely settled counties of England. As London occupies the three contiguous corners of Middlesex, Surrey, and Kent, Parliament set off these corners into a new county called "The Administrative County of London," and certain municipal powers over this area were vested in the London County Council.

The organization of the Council is of a type quite familiar to English citizens through their city charters, but strange to Americans. Of its 137 members, 118 are councilors, elected by the parliamentary constituencies of London, two from each constituency, and four from the ancient City. The nineteen remaining members, or about one-seventh of the whole body, are of the so-called aldermanic rank. These aldermen are chosen in two divisions triennially for a term of six years, by the Council, elected itself only for three years, and in this matter acting as an electoral college.



The electorate which chooses the Council differs from that of the same area whose representatives sit in the House of Commons. Peers and women who are householders or rate payers may vote for councilors, while a certain class of Parliamentary voters are excluded from the Council register, and plural voting, i. e., voting in different electoral districts by the same elector—a system which prevails in the elections for the House of Commons—is forbidden in Council elections. The main basis of suffrage for the Council is the payment of an annual rate, that is, local taxes, which are paid by occupiers to Overseers of the Poor, while those in service and lodgers, although they vote at Parliamentary elections, are excluded from the Council electorate. Practically all legally qualified electors are eligible to membership in the Council except women. Two women were elected councilors to the first Council and one was chosen as alderman by that body, but the courts held them ineligible.

The particular features of the Council, which impress an American as in sharp contrast with our own forms of municipal government, are these: the aldermanic rank; the fact that all elected councilors are elected for three years and go out of office at one time; the absence of any qualification requiring residence in a constituency on the part of a councilor; and the concentration of all power in a single body, which, within the limited sphere of its functions, exercises both executive and legislative powers combined.

The feature of co-opted aldermen in municipal government in England is not viewed with favor by the Liberals, who are disposed to consider it a useless mediæval survival. It was opposed by them in the framing of the Local Government Act of 1888, when they were the Opposition, and in the Parish Councils Act of 1893, which is the achievement of the present Liberal ministry, it receives no recognition. But the aldermanic principle seems to have worked well in the first two London Councils. This method of indirect election makes it possible to call into the municipal service men of large experience and expert knowledge, who would not care to enter into the turmoil of popular electoral contests, but are ready to heed the call of the municipal council.

For instance, the first London County Council, elected in 1889, had before it the great task of organizing an administration and of framing a municipal policy. Great questions of finance and of taxation at once came to the front. Lord Farrer, the eminent economist who for many years was the permanent Secretary of the Board of Trade, was then elected an alderman for six years, although he had been beaten in his candidacy for East Marylebone, in the first Council election. As Vice-Chairman of the first Council he was ex-officio a member of all standing committees, and has been a leader in the proposals to municipalize the water supply of London. The present Vice-Chairman of the Committee of Finance, Lord Welby, formerly permanent Secretary of the Treasury, is another instance of the same kind. The aldermanic rank also permits the Council to retain the services of former able and efficient members who may have failed of reelection.

The term of service of councilors, three years, is longer than that of the members of most American municipal bodies, but is the same as prevails in the other municipal boroughs of England. The London Council, however, differs from the other English municipal councils in having the term of all elected councilors expire at one time. In the other English cities one-third are elected each year. The obvious danger possible under the former system of an entirely new and inexperienced council, which might result from a political upheaval, has not thus far been realized in the case of London. Nearly sixty per cent. of the Second Council had been members of the first, while in the recent elections to the Third Council, which were fought with much bitterness and resulted in a decided upheaval, slightly over sixty per cent. of the old members were returned at the head of the poll in their districts. The vicious principle of rotation in office which does so much to weaken the character of our municipal governments has little hold in English cities.

In the election of their municipal legislators, also, they are much more fortunate than we in the range of choice open to the electors. Any resident of London may represent any constituency which chooses him as its councilor. In these Council elections, as well as in the Parliamentary, the con-

stituents are not hampered by locality restrictions in seeking the best representatives. The present Prime Minister, Lord Roseberry, sat for the City of London in the First Council, and for East Finsbury, a poor district north of the city in the Second, while his London residence is in the West End near Hyde Park.

It is the genius of English municipal government to concentrate in the Council both the executive and legislative functions within the municipal sphere, and the London County Council is no exception to the rule. In the exercise of the powers granted by Parliament, it appoints its executive staff and frames its ordinances subject to the veto of no elected Mayor. Technically it has no Lord Mayor, but its Chairman corresponds to the Lord Mayor of the provincial cities, and might be called the Lord Mayor of Greater London to distinguish him from the occupant of the Mansion House.

The personnel of all the Councils thus far has been notable and of high quality. The success of the First Council in organizing the machinery and in starting the wheels of municipal government in London was largely due to the abilities and laborious devotion of the present Prime Minister of England, Lord Roseberry. He was chairman of the First Council during most of its existence. His successor was Sir John Lubbock, the eminent banker, writer and Member of Parliament. The next chairman, Sir John Hutton, presided over the Council longer than his predecessors. He devoted all his time to the work of the Council and was an admirable, businesslike chairman. The chairman of the new council, Mr. Arthur Arnold, is a brother of Sir Edwin Arnold, a former Member of Parliament and writer on economic topics, whose books on "Through Persia by Caravan" and "Social Politics" are known a little in this country. He is not at present a member of the Council, but was alderman in the first two Councils. Frederic Harrison was an alderman for several years, and his brother, Mr. Charles Harrison, a prominent solicitor, is one of the most tireless workers of the Council and was Vice-Chairman of the last one. The Council soon after its organization divided into two parties,



viz: the Progressives, who favor radical reform, and the Moderates, who have opposed most of the measures of the Progressives. Naturally most of the members are from the middle and upper classes of London, but the wage-earners and laborers are also represented. In the First Council John Burns was about the only Labor member, but in the Second he had a dozen colleagues in the labor interest. In each Council there has been an average of a half dozen peers, usually peers of the right sort, viz., those who have won their title and position in the House of Lords by their own brains and energy, and have not had distinction thrust upon them by the accident of birth. The Moderate victory in the last election has brought into the Council chamber some peers of the latter sort, and it remains to be seen whether the Earl of Dunraven and Lord Montmorries will give to London's needs as much able and devoted effort as Lord Farrer and Lord Welby have done.

The average age of the members puts them in middle life, so that the Council in its deliberations is likely to have the benefit of mature judgment and ripe experience. Only a few young men are in its ranks, while the number of white or whitening heads is considerable. In each Council there have been a few active or former members of Parliament, and this feature of the personnel seems desirable, as the affairs of the Council are often a subject of debate in the House of Commons, when the bills which it promotes are under discussion.

About one-sixth of each Council have been graduates of Oxford or Cambridge. In occupation a large majority of the members are active or retired bankers, lawyers, including both barristers and solicitors, merchants, manufacturers and doctors, with some young men of the Arnold Toynbee type, who, inheritors of wealth and leisure, find their pleasure in the service of the municipality.

The membership of the Council is notable not only for those who sit in the chamber at Spring Gardens, but for those who are conspicuous by their absence. That bane of municipal governments in America, the saloon-keeper, who is known in England as the publican, is rarely found there as a municipal legislator. Of the whole number of 137,

the liquor interest was ostensibly represented in the First council by one stray brewer, and in the Second by only one whiskey-distiller and two ex-publicans. To the London Moderates or Conservatives belongs the discreditable distinction of having put forward seven candidates representing the liquor interest in the last election. Fortunately only three of these were elected, and it is to be hoped in the future that the London nominating committees and constituencies will take warning of the experience of American cities, and always look upon a representative of the liquor interest as a *persona non grata* in the Council.

The term applied to the central executive authority of London, London *County* Council, seems rather a misnomer. Its functions are much more in common with the municipal boroughs of England than with the rural shires. But the powers which thus far Parliament has allowed it to exercise are much more limited than those of other English cities or of municipalities of the United States. The common duties of local government, viz., the maintenance of the streets and the care of the poor, fall in London chiefly to the smaller units of local authority, the parishes and districts, the latter being simply combinations of small parishes. In highway maintenance the Council has control only over one of the great boulevards that fringe England's famous river, known as the Victoria Embankment and eleven miles of other roads. In the matter of drainage its powers are somewhat more extended. While the local sewers are maintained by the parishes and districts, the great trunk sewers north and south of the Thames are under the control of the Council, and upon it falls the mighty task of disposing of the sewage of the great metropolis. It maintains all the London public bridges across the Thames, except those controlled by the City Corporation. Farther down the river, where ocean commerce practically makes a bridge impossible, at Blackwall, it is building a great tunnel; while still farther down, at Woolwich, it maintains a free ferry, the counterpart of which can hardly be found in the world. In regard to protection against fire its power extends both over Greater London and the City. This ancient municipality, forming

the inner core of London, with an area of one square mile and a resident population of less than fifty thousand, is still under the government of the Corporation, which is endowed with large municipal functions including control of its police. The London Council however has not yet been put to the severest test to which a local government can be subjected, viz., the exercise of the police power. That is controlled by Parliament in the Metropolis, outside of the City.

The Council also has charge of the parks and open spaces of London, except the royal parks in the West End, and in the exercise of this power some of its most beneficent work has been done. It maintains and manages six insane asylums for the distraught poor of London and supports two industrial and reformatory schools. While the management of public education in London is in the hands of the London School Board, the Council has intimate connection with technical education. It has not for this purpose established institutions of its own, but strengthened worthy existing institutions like the London Polytechnics.

The clearing of unsanitary areas and the housing of the working classes are municipal functions which few of our American cities have as yet assumed, but the Council has authority from Parliament to do this, and is actively discharging its functions in this direction.

Such in the main are the especially administrative powers of the Council. But it also has important powers in inspecting and supervising the subordinate local authorities, corporations, and individuals. It is licensing authority for certain theatres and all music halls. No electric company can lay a main in any street without its consent, while it can force the water companies to furnish a constant supply. The Council has large powers with regard to the planning of streets and construction of buildings, being authorized to prescribe height and size of buildings, together with character of foundations and building materials to be used. It sends its officials to inspect dairies, gas, weights and measures, sale of coal, and the number of working hours required of young persons.

One of its most important functions may be described as the duty of watching generally over the public interests, and most worthily has it magnified this office. Thus it stands in the halls of Parliament as the champion of the many, and especially of the poor, against vested interests and private greed. Its Parliamentary Committee keeps a close watch on all proposed legislation at Westminster affecting in any way the citizens of London. It executes the Council's wishes in opposing bills, or in obtaining amendments of them in the interests of the public.

When the Salisbury Parliament created the London County Council, it gave to it municipal powers quite inferior to those wielded by other English cities. Consequently the Parliamentary Committee, in addition to opposing bills, has had the important task of promoting bills in Parliament with a view to reforming abuses or enlarging the functions of the Council. Every year it has uttered in Parliament Oliver Twist's righteous cry, "More."

Through its Parliamentary Committee, each year, the Council has secured large extension of its powers, both from the justice of its arguments and the record of efficient exercise of its present functions, to which it could point. It has at last secured the right to own the tramways, or horse railroads, in spite of active filibustering on the part of the Moderates in the Council, and stubborn litigation on the part of the companies in the courts, which carried the test case to the Lords of Appeal, and resulted in a verdict for the Council.

They are moving also to control the water supply. Bills are now in progress in Parliament authorizing the Council to purchase the property of the eight water companies who now furnish water to London, and to exercise that very proper municipal function, which is discharged by every other great city in England save Bristol.

The congestion of population in East London so brutalizing, and destructive of the happiness, health, morals and life of the poor, has lain heavily upon the minds of the members of the Council, and earnest efforts have been made to lighten—one can hardly say to solve—this most difficult problem.



They have sought to bring about a centrifugal tendency of the population in order to people the fields of suburban London with the families whose life now is ever pent up in the squalid courts, lanes and slums of the great city. To make this possible, rapid and cheap transit from home to workshop was a first essential. This the Council endeavored to bring about with all its power. In the case of existing railroads, its chief method, of course, was amicable conference with the authorities, looking to frequent trains in the early morning hours, at as cheap a rate as possible, which would still yield a fair profit to the companies. But where new charters for railways into London were asked of Parliament, it has insisted that all new charters shall provide for workingmen's trains early and late in the day at the lowest possible fares.

Among its notable achievements have been the organization of an administrative establishment, and the adoption of efficient methods for transacting the public business. This central executive authority of London has its home in a building of moderate size, standing between Trafalgar Square and St. James Park. The Hotel de Ville of Greater London is quite inferior in its internal and external architecture to some town halls of London vestries, but the Council has steadily refused to increase the burden of the rate payer by building an expensive city hall, as long as this building could be made to serve its purpose. Its regular meetings occur once a week, on Tuesday afternoon throughout the year, except in the vacation months of August and September. This municipal legislature—which Mr. Joseph Chamberlain sneeringly speaks of as the “brilliant luminary somewhere in the neighborhood of Spring Gardens”—judged by personal observation and the records of its work, is a most efficient and businesslike body, of which Londoners have reason to be proud, and American citizens may well be envious.

Considering the nearness of Spring Gardens to Westminster, and the overshadowing influence of Parliament in English affairs, one would expect to find the Council's methods largely framed upon the Parliamentary model. But such is not the case. The Council chamber is semi-circular in its

arrangement of seats, and not oblong as is the House of Commons. Political opponents do not sit facing each other but side by side. While Progressives and Moderates are mingled indiscriminately, the Labor members sit in a group. This arrangement takes away that gladiatorial appearance which makes the House of Commons so interesting a place to the lover of forensic struggle, but it probably tends to lessen political solidarity in the discussion of measures. As the counterpart of the Ministry Bench in the Commons, the front circle of seats is occupied by the chairmen of committees, whose reports and recommendations are the chief subject of discussion. It is noteworthy that though in both Councils the Progressives had a large majority, some of the chairmen were Moderates. Every speech is limited to fifteen minutes unless extended by general consent, and a vote on closure is put on the demand of two members.

These restrictions seem to account for the absence of those orators who often afflict the House of Commons, and make the weary visitor regret that there is no restaurant or smoking room, adjoining the Strangers' Gallery. Every man who attends a meeting must register in the attendance book kept for that purpose, and the record of attendance is published each week with the minutes. According to the published records of the two Councils the Progressives have been far more regular and faithful in attention to their duties than the Moderates.

Publicity, indeed, seems to be the keynote of the Council's methods as the best preventive of corruption and lax administration. Mr. John Burns' epitaph on the Metropolitan Board of Works, "Killed by secrecy, buried by publicity," would hardly be possible of its successor.

By the Act which created the Council, it is provided that no costs, debts, or liability exceeding \$250.00 shall be incurred except upon a resolution of the Council passed on an estimate submitted by the Finance Committee. Usually the first business of every meeting is the opening of tenders or bids for work to be done, which are submitted in sealed packets. After being opened by the chairman, these are referred to the proper committees for consideration. Politi-

cal "pulls" either to obtain contracts or place find no encouragement. Personal canvassing for positions in the gift of the Council and the personal solicitation of orders for goods or the leaving of samples are prohibited. All applications for office and all offers for supplies must be made in writing to the clerk of the Council. Every person in the employ of the Council, no matter how small the wage, must be appointed or removed by the Council in open meeting on the recommendation of the committee having the especial departments in charge.

One reason for the great efficiency and success of municipal government in England is the dominance in the administration of affairs of the merit system for the selection of officials. The curse of the spoils system, which views the public service as a swill trough, where those with the strongest political influence may fatten on public patronage, seems to have been thoroughly stamped out in England.

Considering the large amount of detail in the business transacted by the Council, it is surprising to find that its work is promptly finished by a single weekly session of four hours, with an occasional extra session. It is the common experience to clear up the docket at the close of each session. Seldom are any arrears of business carried over to the next meeting. This end has been achieved by the skill of its presiding officers, by the earnest labors of its members on the 40 committees and sub-committees, and by certain labor and time-saving expedients, which greatly facilitate the transaction of business. The legislative calendar, called in England the agenda paper, is a model document, which does more than any other one thing to speed the transaction of business. This interesting document of about thirty pages each week mirrors the municipal life of London, and shows how admirable is the division of labor and the devolution of power among the committees by which the wheat is sifted from the chaff, and the necessary business is brought within such a compass that it can be disposed of at the weekly meeting of the Council. The work of forty or fifty meetings of committees during the week has crystallized in this compact form. A printed copy of the agenda paper is sent to each

member two days before the meeting. Full information is thus given him as to the questions to be considered and the proposals of the committees in charge of the business. Each motion, proposed by a committee, is preceded by a terse statement of the necessary facts in the case, and the reasons which have led the committee to their decision. In this way oral explanation is made unnecessary, and the work is rapidly put through.

Naturally the report of the Finance Committee, dealing often with large sums of expenditure, stands always first on the paper. It is accompanied by a weekly cash paper, giving in full detail the financial condition of the Council up to the date of the preceding meeting. Within the compass of a dozen foolscap pages are contained estimates of all costs, debt or liability exceeding \$250.00, proposed payments on orders of the Council, receipts from all sources, and balances. It is in fact a weekly balance sheet of the County of London, open to the inspection of every citizen.

Before reviewing certain special and particular features in the achievements of the London Council, one or two general characteristics and effects of its administration should be noted. In six years it has done much to awaken the sense of civic duty and municipal patriotism in the citizens of London. Visitors to London before 1888 found that many residents of the city neither knew nor cared to know how they were governed in local affairs. The sense of what the municipality can do for the people in preventing injustice and in promoting justice and happiness, was largely dormant. To the questions of right and wrong that are so powerfully voiced in Sidney Webb's "The London Program," the large majority were indifferent. But a change has come. The public sessions of the council, the measures that it has promoted, the battles which it has fought for the many against the interests of the few, and the material changes that it has wrought in London itself have been an object lesson to the dullest man, reminding him that he is a citizen of no mean city, just as the light in the tower of the Houses of Parliament by Westminster Bridge reminds him of the empire which encircles the globe with its sway. It is a truism



that political campaigns, when fought on lines of public policy and principle, are great popular educators, and serve to shrivel up that dry rot of free government, civic indifference. So the yeast has worked in London. Far more than ever before questions of municipal policy have become pressing questions of the day. While to young men who look forward to a political career, efficient service in the Council is an excellent pathway to the House of Commons.

The Council has also shown a high moral and altruistic purpose. It has labored with a conscience. It has seemed to feel that in large degree it was its brother's keeper. It has not looked upon liberty as synonymous with license, but amid much unjust abuse it has labored to repress immorality. Some of its most creditable achievements show a keen sympathy with the poor, and those whose cowed spirit or lack of means keeps them from defending their rights. The famous campaign against immoral features of the music halls has been vindicated by the leading ministers and by lovers of decent amusements. It has taken a notable stand for temperance and against the liquor traffic. The license to sell liquor in England is a vested interest, of a high commercial value. In making improvements the Council has often purchased property on which were public houses or saloons, whose licenses were valuable. These it has allowed to lapse at large pecuniary loss in order to diminish the number of saloons within a given area. It has also refused to allow public houses to be built upon its property. It has banished beer from the insane asylums, with great benefit to the inmates, and a consequent increase in the percentage of cures. The sale of liquor also at the refreshment stands in the parks has been abolished. One of the requirements which the Council made in the famous Empire Music Hall case was that the drinking of liquor should be excluded from the auditorium, and it carried its point. The council may well be praised for some of the enemies it has made. It has won the ill will of the liquor dealers, who in the last election would seem to have acted against the Progressives as allies of the Moderate party.

In gratuitous and laborious toil for the public service, and in economical use of other people's money, the Council has set a noble example. Many of its members have been perfect gluttons for work. There are on an average from thirty to forty meetings each week of committees, sub-committees or the Council, amounting to a total of 1676 meetings in the year 1893-1894. The average attendance of each Progressive member during this period was nearly 150 meetings; the average attendance of each Moderate member was a trifle under 100. Some members spend regularly one, two and three days in the service of the Council, and the insomnia from which Lord Roseberry now suffers was experienced during his chairmanship of the first Council and was due in some degree to his unwearying labors at Spring Gardens. Membership on some of these committees entails journeying to all parts of London, to the insane asylums or industrial schools outside of the city, or to the outfall sewer works, farther down the Thames. For the necessary expense involved in such labors, they receive only traveling expenses. Standing order No. 149 allows each member only the actual cost of locomotion or mileage to and from the places visited and the central offices of the council, but often members pay their own fares. If they take meals at the asylums or schools, they pay for them as at hotels. There is no wine cellar at the Council House in Spring Gardens as there is at the Guildhall. All this may seem to the cynical like standing up so straight as to bend backward, but it is a refreshing contrast to the junketing and wine-bibbing at the public expense of the committees of the Corporation of the City of London, and of some American State legislatures and city councils.

But the highest tribute must be paid the Council for the purity of its administration. This body in its short existence has had the pioneer task of organizing and administering municipal government for a city with a population more than twice that of New York City, concentrated within an area very little larger than that of the American Metropolis. It has had extremely difficult problems to deal with, peculiar to Old World cities, and thus far little known to us. It has paid out each year from ten to fifteen millions of dollars. Yet the

record of this body so far as corruption is concerned is practically stainless. It has done its work under unstinted abuse from many of the London Tory papers, as if it were a body of thugs preying upon the state instead of hard working servants of the people, yet I can not remember to have heard or seen any charge against the purity of its administration, which had any solid basis. During the discussion of the Equalization of Rates Bill in the Commons last summer, some of the irresponsible Tory members on the back benches of the Opposition undertook something of that sort, but they were sharply rebuked for it by the leading evening Conservative paper, the *Pall Mall Gazette*.

Though the words of Frederic Harrison on this point, written in 1890, may seem extravagant to those who are familiar with the insidious and common tendency to corruption in municipal affairs, I believe that they may be taken with no large grain of allowance as true of the Council during the whole of its past career.

"It is not a little thing that for once a great capital has a municipality in which fraud and jobbery are as completely extinct as vigilance can make them. A member suspected of leniency to either would run the risk of being torn to pieces, and the chairman would hardly succeed in preventing bloodshed on the floor of the Council."

One who contrasts the conduct of municipal affairs for the last six years at the head of navigation on the Thames and at the mouth of the Hudson, however enthusiastic and loyal an American he may be, must allow that in efficient municipal government, at least, the United States does not beat the world.

Among the specific achievements of the Council, few have been more notable than the position it has taken on the labor question. This occurred during the First Council, and is all the more noticeable from the fact that in that body there were very few direct representatives of labor, except Mr. John Burns, who was practically responsible for the Council's action.

<sup>1</sup> *Nineteenth Century*, Vol. 27, p. 1039.

The principle of the minimum or living wage, which it adopted as an example for other public and private employers of labor, was first brought into national prominence by the great London strike of 1889. It bases the amount of the wage not on what the wage-earner will consent to receive, pinched by hunger and under the stress of need, but what he should fairly have in order to maintain a reasonable standard of living. The Council early in its career decided not to buy its labor in the cheapest market, but to decide upon a moral minimum of earnings below which it was not expedient that any London citizen should sink. In the case of skilled labor, this was accomplished by adopting the trade-union rate of wages, viz., the scale of prices agreed upon by the two organizations representing the employers and the employed in each particular trade.

In the case of unskilled labor, as no organization existed, the Council had to decide for itself what was the minimum required for efficient and decent existence. That standard it set for men at twelve and a half cents per hour, one dollar per day for the eight-hour day and six dollars for a week of forty-eight hours. The weekly wage for women was four dollars and a half. In Mr. Charles Booth's famous volumes, the actual poverty line in London is set at \$5.25 per week, regular wages. It would not seem, therefore, that the Council has been extravagant in setting the standard of the living wage. In order that its requirements on this score may not be evaded, it has passed stringent regulations and provides rigid inspection for all firms with whom it makes contracts for supplies or work.

The principle of the living wage has been ridiculed and satirized by editor, magazine writer, and dramatist, but the meanest blow below the belt which has been given it, was in the speech of Mr. Joseph Chamberlain at Stepney last February. He there, by disingenuous insinuation, charged that the application of the principle by the Council was very much like bribery and an approach to the corrupt methods of Tammany Hall. The legitimate inference from his speech would seem to be that sweating is a civic virtue and those who try to prevent it are corrupt enemies



of the state. Americans, who are more familiar with the habits of the Tammany Tiger than the Member for West Birmingham, realize not only how mean but how unjust such a charge was. If the true rule of business life be, as it was once formulated by an experienced business man, "when you get a competitor in a tight place, to squeeze him for all he is worth," why then John Burns is a dreamer of dreams, and Mr. Chamberlain in this matter is the apostle of the truth. But if, as many still think, the Golden Rule should affect human endeavor, and justice and mercy are not iridescent dreams, then we may honor Mr. John Burns, not only as an able and self-sacrificing municipal legislator, but as one who has wrought mightily for those who earn their daily bread by the sweat of the brow. If this charge were true, it would lie not only against the hero of the Dock Strike, but against the Right Hon. David Plunkett, Conservative Member for Dublin University, and formerly First Commissioner of Works. On February 13, 1891, he moved a resolution for the adoption of the principle of the living wage, by the Conservative Government then in power, in all Government employments, and it was unanimously carried. Now more than 250 local government bodies in England have put the principle into practice. One finds it hard to understand how Mr. Chamberlain in that Stepney speech could so turn his back on his noble municipal career at Birmingham, as to uphold the City Aldermen and attack the men who are trying to do for London with equal zeal and devotion what he and his colleagues did for Birmingham.

Besides adopting the principle of the living wage, the Council has taken steps to abolish the contractor, and to do its own work by direct employment of labor. It was led to this action by the fact that in a number of instances, either through combination of contractors or force of circumstances, the tenders made to the Council for doing certain work much exceeded the architect's estimates of cost. From the very first the Council had adopted the principle of direct employment of labor in all work of a continuous nature, not requiring a large outlay of plant, like cleansing the bridges and embankments. After three years' trial the average

annual cost of cleansing the bridges per square yard proved to be 75 cents, where previous contractors had charged \$1.00 or \$1.25. Thus it was led to extend the principle from maintenance to actual construction of buildings. Its building staff constructed a schoolhouse within the architect's estimates, although the figures of all contractors' bids for the work ranged nearly 25 per cent. above those estimates. It built below ground with equal success and economy. Its sewers were thoroughly constructed by its own workmen at a cost about 40 per cent. under the contractors' figures.

The Works Department, first established in March, 1893, has steadily enlarged its activity. It takes its stand in line with other contractors. For all work to be done of any value above \$250.00, an estimate is submitted by an expert outside of the Works Department. Then the Department has the first chance to figure. If it thinks that it can do the work within the figures, it takes the job. If not, it is put up for tender to outside contractors. If the cost of construction exceeds the estimates, when the Works Department has undertaken the job, the difference is made up out of the Council's treasury. But in the case of a contractor, the loss would fall upon him.

Mr. Sidney Webb gives the full details of this experiment in his address before the Economic Section of the British Association at the Oxford meeting last August. It is only fair to say that thus far the sum total of cost of all works directly executed by the Council, amounting to \$1,000,000, has exceeded by only \$10,000 the sum total of the architect's estimates. One swallow does not make a summer, and two years is all too short to judge of the permanent success of such a scheme. It is to be hoped that the creditable record of the past may be maintained. The nub of the whole matter depends on whether labor in this way can be kept faithful and efficient, and whether salaried superintendence can be maintained which shall be intelligent and energetic. There seems to be a general tendency among English municipalities towards the direct employment of labor in public works, and to do away with the intervention of the contractor.

The Council may well be proud of its success in the difficult problem of the disposal of the sewage of London. It controls the great trunk sewers on each side of the Thames, into which the local sewers drain, and it must dispose of the refuse. When the Council began its work the sewage flowed into the Thames in unaltered filthiness, making the "Silver Thames" in the Jubilee Year at London far different from the "Sweete Themmes" of Spenser's song. By improved machinery and chemical treatment a great change has been wrought. From the outfall works at Barking and Crossness, the residual fluid flows harmless into the river, while the harmful sludge is carried in ships for deposit in the lower reaches of the river near its mouth. The purification of the river is discernible by the eye, and is shown by the return of the fish to their old-time haunts near the city, so that John Burns was not uttering an idle boast when he told the members of the House of Commons that they might some day go fly-fishing off the terrace of the Houses of Parliament.

In its administration of the parks and pleasure grounds the Council has labored both for the health and pleasure of the people. Verily it has "given lungs to London." The number of acres of common pleasure ground has risen in six years from 2,600 to nearly 4,000. Some of these additions have been made by private beneficence, and some by concerted action of the Council and the local vestries.

One of the new acquisitions has a historical significance which emphasizes the great gain from the days of the Restoration to the present time. On the slope of Highgate Hill is a beautiful park, once the garden about the residence of a woman more famous for her beauty than her virtue. The grounds where Nell Gwynn received her royal lover, "gay King Charlie," are now open, with the beautiful lawns, flower beds and tennis courts, to the poorest citizen of London.

Its administration of the parks has been admirable. They are to be enjoyed, not merely looked at. They have been greatly beautified in appearance, and most careful provision has been made for those outdoor sports which are the national pastime. Two hundred and fifty cricket pitches,

carefully tended and kept in good playing condition, were used for about 6,000 matches during 1890. Its tennis courts, numbering more than 300, are estimated to have been used by over 100,000 players, while on its seventy-five special foot ball grounds about 5000 matches were played last year. The golf enthusiast is also given space for his links, careful attention to the pleasure of skaters in the winter is paid, and during the summer the Council maintains its own bands, which furnish music to the throngs of pleasure seekers. A most beneficent feature of its work in this direction has been the opening of disused burial grounds as breathing places for the poor, so that these resting places of the dead have become in a real sense resting places for the living.

The Council has discharged ably a most proper function of government in making the water and gas companies perform their duties properly. The water companies, though making large profits, have furnished a miserable service to many parts of London. A constant supply of water, which is the rule in our cities, has until recently been rare in many districts of the Capital of England. In 1889 more than forty per cent. of the houses of London had only an intermittent supply of water, so that the necessary appendage of a house was a cistern in which could be stored a supply for the hour of need. Under the prodding of the Council, the number of these unfortunate homes, which do not have running water all day, has been lessened one-half. Against vigorous opposition, the Council is very properly striving to take the water supply into its own hands. The bill for taking over one company, the Lambeth, has already passed its second reading in the Commons, and in course of time the Council will doubtless take its stand by the other municipalities of England, as the controller of this essential of human life.

It has also striven for good light. With constant diligence it has prodded the gas companies to the maintenance of a standard quality of illuminating gas. The occupation of its 20 inspectors is to test the purity of the gas supply and to test gas meters. Before a meter can be used it must be submitted for official verification, and must bear the stamp of the official inspector. Gas is furnished by three colossal



consolidated companies. Daily tests are made at twenty official stations, and at other places by portable photometers. If the quality is much below the required illuminating power, the companies are reported. They may appeal to the chief gas examiner of the Imperial Board of Trade. In the year 1892-1893, of 118 cases so reported 86 were sustained by that official, and the companies had consequently to pay about \$1,300 in fines and costs.

All the petroleum supply entering the port of London must pass the approval of its inspectors, and it has carried on some very interesting experiments with regard to the best lamps for safety, in order to protect life and property from the great destruction that has arisen from exploding lamps.

The Council's keen sympathy for the poor has been notably evident in its relentless fight against false weights and measures, and cheating coal dealers. This is especially necessary in London, where the markets of the poor are chiefly in the streets. They buy largely from the peripatetic costermongers, more or less irresponsible, who, in order to change their place of business, have merely to fold their tents like the Arabs and silently steal away. All such dealers are liable at any time to receive a sudden visit from the inspector, who tests their weights and measures. Last year nearly 900,000 weights, measures and weighing instruments were verified and stamped, while nearly 250,000 were examined and rejected as unfit.

Coal in England is delivered in canvas bags and not as with us in open carts. In both countries the poor, buying in small lots, have often been unmercifully swindled. In London these fraudulent dealers have been vigorously pursued by the Council's inspectors so that the bags in use have had to be lengthened to make the measure full. For the same reason the refuse from the pit's mouth is no longer sold as the best Wallsend coal.

Space forbids more than mere mention of the other notable achievements. Its management of the insane asylums has been humane, beneficial, and scientific. It has greatly increased the efficiency of the Fire Department, which is maintained at an expense about one-half the cost of the New

York City Fire Department. It has fought the great struggle for "betterment" assessments which is still undecided. It has its armor on for other great reforms in local taxation. It has waged a relentless war against the jerry-builder, and its new building act realizes in some degree the dreams of Carlyle in "Past and Present." Such an act, if it had been enforced in American cities, would have made it impossible for private greed to render some of the business streets of New York and Chicago as sunless as the Naerodal valley in Norway.

The credit for these notable achievements belongs to the Progressive majority in the Council. They framed and put through the policy with the aid of certain liberal Moderates. But in the third election held on March 2d, 1895, this forward movement received a severe check. The periodical backward sweep of public opinion, which marks the history of reform in all countries, has left the elected councilors in the new Council equally divided in numbers, while in the last the Progressives had a large majority. The union of private interests for defense, which the Council's zeal for the public welfare had aroused, proved a powerful organization. The corporation and livery companies of the city, the gas, water, and tramway companies, the rich ground-landlords, the liquor and music hall interests were the enemies which its administration had arrayed against it. Moreover, the Conservatives could not resist the temptation to manœuvre for a good position, with an eye on the coming struggle for the control of the next Parliament. The letters and speeches of Mr. Balfour, Lord George Hamilton, and Mr. Chamberlain, during the campaign, were practically of the nature of an official whip to the Conservative and Liberal Unionist, although certain Liberal Unionists in the Council vigorously protested against fighting a municipal election on national issues. An increase in the rates and the natural conservatism of the English citizen were important factors in producing the result.

But the victory, however gratifying to the Moderates, is likely to be a Pyrrhic one. It has been well said that yesterday's heroic thought is the aggressive power of to-day.

Some features of the Progressive program that were at first stoutly attacked by the Moderates, have now become accepted planks in the platform of the London Municipal Society, which is the chief organization of the Moderates. Three recent votes in the new Council, on acquiring the tramways, the property of the water companies, and on the exclusion of liquor selling from the property of the Council show that on important features of the Progressive program the real Progressive majority is likely to be greater than the nominal one. As the Progressive policy aims at the greatest good of the greatest number, while the Moderate policy is inclined to protect unduly class privilege, vested interests, and private greed, the former policy is likely in the end to win a decisive and lasting triumph.

The Progressives show by their works their faith in the creed of the English Liberal party, as stated recently by Mr. Asquith, the Home Secretary, viz., "that it is not wise for the rational man to lie back with folded hands and to allow the current that carries the fortunes of us all to drift him where it will. We believe that in the history of our race and of our own country there is an increasing purpose of which the larger abundance and fairer apportionment of happiness is the end and the associated energies of human beings in society and in the state are the means." The Progressives might well apply to the bulk of their Moderate opponents the famous words of Mr. Gladstone in 1866,—so fully justified by the course of events—which he uttered on the eve of temporary defeat because of the coalition between the Tories and Adullamites.

"You cannot fight against the future. Time is on our side. The great social forces which move onward in their might and majesty are against you. They are marshalled on our side and the banner which we now carry in this fight though perhaps at some moment it may droop over our sinking heads, yet it soon again will float in the eye of Heaven and will be borne by the firm hands of the united people of the three kingdoms perhaps not to an easy, but to a certain and not distant victory."

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## BOOK NOTICES.

*The French Revolution Tested by Mirabeau's Career.* By H. Von Holst. Chicago: Callaghan & Co., 1894—8vo, 2 volumes, v. 258; 264 pp.

Although it has been said that to find the equal of Mirabeau we must turn to Bonaparte, yet there are fifty American readers who know something about the latter to every one that has even heard of the former. Many causes have operated together to produce this result, but undoubtedly one of the most important has been the lack of Mirabeau literature in our own tongue. At present no satisfactory biography of Mirabeau exists in the English language. This gap has, however, been partially filled by the appearance of Dr. von Holst's study on "The French Revolution tested by Mirabeau's career."

It may be well to note at the outset that Professor von Holst is not a novice in the field of the French Revolution nor is his acquaintance with Mirabeau a thing of recent date. For more than a quarter of a century he has been a student of the life and works of the great French statesman. In July, 1871, the *New Englander* contained an article from his pen with the title, "Mirabeau as a Statesman in the light of the history of France during the last eighty years." Here is an excellent opportunity for comparison. In what respect have twenty-five years of historical study combined with a vastly broader and deeper knowledge of men and affairs changed the early views of our historian upon the great Frenchman? The point of view in the work of 1894 is the same as that of the magazine article of 1871. The arguments are practically the same, but more fully developed, supported by more evidence and urged with greater vigor and enthusiasm. As these views are in the main undoubtedly correct, and as they were doubtless formed after a careful study of the contemporary evidence, the work of the young scholar must be pleasant reading to the distinguished historian.

The work containing Dr. von Holst's ripest thought upon Mirabeau is in two volumes and consists of twelve lectures delivered at the Lowell Institute. As he states in the preface, it is "not a book on the history of the French Revolution, but merely some lectures on it, composed principally with a view to illustrating



and criticising some of its main features by the opinions and the career of the foremost political genius of its first phase." He was confined to twelve lectures of an hour each and was obliged to work "with these limitations constantly in mind." The first four lectures deal with the *ancien régime* and form an introduction; the last eight deal with Mirabeau and the Revolution. While it is necessary, then, to make due allowance for the conditions under which the lectures were produced and delivered, and while the aim of the writer should never be lost sight of, the lectures cannot be looked upon as popular in the ordinary sense, but rather as the condensed statement of conclusions reached after a careful examination of all the evidence in the case.

It is not, then, to the French Revolution as a whole nor to Mirabeau the Man that Professor von Holst would introduce us, but to Mirabeau the Statesman and to the errors of the revolutionists tested by the views and efforts of Mirabeau. In my opinion, he has succeeded remarkably well. To a presentation marvelously clear are joined a vigor of expression and an intensity of interest in the subject that can hardly fail to move the most indifferent reader. Making due allowance for limitations in treatment, it would, I believe, be correct to say that this is one of the best presentations of Mirabeau the Statesman to be found in any language. This is not slight praise when we recall the works of Droz, Loménie, Stern, Reynald, Rousse, Mézières, Decrue and Gradnauer.

Ever since the day of his death, historians have debated with more or less honesty and partisanship upon the final judgment to be passed upon Mirabeau. The work of Montigny undoubtedly turned the scale in his favor, while, with the last decade, there has been an evident tendency toward reaction, represented by the writings of Loménie and Stern. Montigny would palliate the faults of his adopted father by throwing the responsibility upon the Marquis de Mirabeau; the two writers last mentioned have made an effort to rehabilitate the Marquis. Professor von Holst while offering to compromise matters by making the *ancien régime* the greatest sinner, at the same time believes that Mirabeau was very much sinned against. He makes a distinction between his earlier and later years. In the earlier years, the Marquis was the more to blame; in the later years, Dr. von Holst tells us, "the son now comes in for a steadily and fast increasing share of real guilt but his guilt is always outrun by the father's

unreasonable, unjust, and despotic paternalism." I must take exceptions to the latter part of the statement. It should be remembered that during the seven years previous to the meeting of the Assembly, Mirabeau was practically his own master. What did he do during this period? Is it not an error of proportion to devote thirty pages to the earlier period of his life, and but two to the later? Ten pages would have been few enough to devote to those seven years on account of their importance.

Professor von Holst criticises severely the French people and French historians because of their attitude toward Mirabeau. They glory in him, he says, but "with a somewhat apologetic air."<sup>1</sup> And why should they not? While I agree thoroughly with him concerning Mirabeau's intellectual greatness and his devotion to France, a devotion that was not and could not be bought or sold, I believe that he was so thoroughly immoral in other respects that not only the French people but every other people is perfectly justified in mixing hisses with applause. It is my firm belief that that will be the final judgment of history. It is possible that the French fail to appreciate Mirabeau's character because "he was essentially a practical statesman,"<sup>2</sup> but I do not understand that to be the reason why many another besides Loménie has called him "l'homme inexplicable." The true reason was given by Stern when he wrote: "Endlich bleibt für immer das psychologische Problem bestehen, wie sich so viel Monstrosität des Menschlichen mit so viel politischem Genius verbinden konnte."<sup>3</sup> Has Professor von Holst solved this problem? I have read his work carefully and I can find no solution there. The nearest approach to it is found at the close of the second volume. It is there asserted that "Possibility and Responsibility" were the two impulses that he lacked; that with the proper stimulus and balance, "what was weak and vile in him would have been brought so far under control that he would have become what he could be . . . . For the weak and vile were in the main but acquired qualities . . . . The great and good were inborn and therefore ineradicable . . . . Nature had made an uncommon effort in moulding this man, and life had made an uncommon and most persistent effort to corrupt nature's masterwork."<sup>4</sup> Professor von Holst knows full well that these are psychological problems hardly susceptible of demonstration. The evidence

<sup>1</sup> II, 2.<sup>2</sup> II, 9.<sup>3</sup> I, p. viii.<sup>4</sup> II, 238-239.

does not show that the good was any more inborn than the bad. Was the sensualism of Mirabeau any less inborn than his devotion to the state? Had not life, too, shaped and moulded the revolutionist and the man of state? And to what extent can we trust Mirabeau's word that, if put to the highest test, "he could be induced to conquer himself?"<sup>1</sup> I have no reason to believe that he would or could have done so. Is it true that he ceased to be immoral after he had seen what it had cost him? Is it not true that Mirabeau had made the gutter his "permanent abode" for the larger part of forty-two years? And were not the chances of reform *decidedly* against him? As I understand the business of the historian it is to tell us not what might have been, but what was and to explain, if possible, why it was so. As to what Mirabeau was, there can be but little doubt. His letters to Mauvillon and La Marck, his speeches in the Assembly, and notes to the court prove him to be what Professor von Holst has called him, "the foremost political genius" of the first period of the Revolution. His letters from the donjon of Vincennes to Sophie de Monnier not only show him to be frightfully immoral, but almost without any moral sense. In his character, the good and noble were marvelously mixed with the impure and base and this character has been estimated at its true worth by more than one Frenchman.<sup>2</sup> The explanation of all this is not so easy. France, his birth, his training, his father and he himself were all to blame for what Mirabeau was, but in what proportions, historians will probably never agree. There are two lessons to be learned from his life, and France needs them both. French historians estimate at its true value the political genius of Mirabeau; but they have an appreciation, no less keen, of his immorality.

FRED MORROW FLING.

*The Life of Charles Loring Brace.* Chiefly told in his own letters. Edited by his daughter. New York: Charles Scribner's Sons, 1894—8 vo, vi, 503 pp.

This work is without an index; and there is perhaps no species of literature in which the lack of an index is more annoying and inexcusable than biography.

In other respects, it is a well-made book, composed chiefly of Mr. Brace's letters to friends, but with so much of biographic

<sup>1</sup> II, 240.

<sup>2</sup> Reynald, Mézières.

detail and of quotation from his writings as serves to give an adequate account of his life and achievements. Among his correspondents may be mentioned the Hon. F. J. Kingsbury, Prof. Asa Gray, Theodore Parker, Henry Ward Beecher, Charles Darwin, Protap Chunder Mozoomdar, the Hon. James Bryce and Frances Power Cobbe.

The story of Mr. Brace's life may be summarized thus:—he was born in 1826, into one of the best of New England families; was fitted for college by his father, a teacher of unusual gifts; was graduated at Yale in the class of '46; studied theology in New Haven and New York; taught school; made repeated journeys in Europe; organized and managed the Children's Aid Society in New York; wrote extensively for the daily and weekly press; published several books which have been widely circulated—among them, "Hungary in 1851," "Races of the Old World," "The Dangerous Classes of New York," "Gesta Christi," and "The Unknown God"; and died five years ago, at the age of 64, in the Upper Engadine.

Mr. Brace was a man remarkable alike for his goodness, wisdom, and versatility of mind. At once historian, ethnologist, theologian, philanthropist and reformer, he combined these several characters with common sense and executive ability, as well as with an almost mystic piety. If he cannot be accounted a scholar of the first order, his acquirements were nevertheless extraordinary, considering how busy a man he was, and his last two books in particular are filled with an array of facts and infused with a spirit of candor which have given them a high and secure place in the esteem of students. Frances Power Cobbe regarded "Gesta Christi" as "the very best word spoken for Christianity."

Students of municipal and charity problems will find much of interest to them in this volume, though not much that is new. Mr. Brace was a pioneer in these lines of study, and the principles at which he arrived are, we believe, sound and important. They are such as these:—that philanthropic and reformatory effort should be mostly concentrated on the period of childhood; that youthful and adult dependents and delinquents should be rigidly separated; that natural laws should be followed in the treatment of poverty; that training in industry and self-help are better than the giving of alms; that home-life is to be preferred, even if indifferent in quality, to institution life; and that the inculcation of ethical and religious truth ought to form a fundamental part of all reformatory programs.

W. F. BLACKMAN.



*A Constitutional History of the House of Lords.* From original sources. By Luke Owen Pike, A.M. London: Macmillan & Co., New York. 1894—8vo, xii, 405 pp.

Mr. Pike has accomplished with very great success the purpose which he had in view in this book. The title of the book is not however, strictly speaking, in exact accordance with this purpose. It is not a history of the share of the House of Lords in the formation of the English constitution, nor is it a history of the constitutional functions of the House of Lords, although there is a chapter upon the judicial, and one upon the legislative powers of the House, and much is said throughout upon its action as a part of the constitution. If the title of the book were the History of the English Peerage considered as a House of Lords, it would more nearly represent the leading interest of the author. It is a technical, legal, and somewhat antiquarian book, but it is the work of a careful scholar, and will add to his already established reputation. It brings together so large a number of facts which it is not possible to ascertain outside the original records that it will form an indispensable reference book to those who need to know these facts. Nine pages are given to the Saxon period, which is about the proper proportion when one is considering the House of Lords, and a chapter of about the same length to Normandy. With the Norman conquest, the treatment becomes more full, and considers such subjects as the Curia Regis, official earldoms, earldoms and baronies by tenure, baronies by patent and by writ, the position of the spiritual lords, impeachments and trials, privileges and disabilities, judicial and legislative powers, and, in the last three chapters, the more important changes which have taken place in the House during its history.

G. B. A.

*Coöperative Production.* By Benjamin Jones. With prefatory note by the Rt. Hon. A. H. Dyke Acland, M. P. Oxford: Clarendon Press, 1894—8vo, viii, 830 pp.

This is a very valuable, and a very tedious, book. It would perhaps be yet more valuable, if it were less tedious. Being an attempt to recite the history, in considerable detail, of every important experiment in productive coöperation which has been made in Great Britain, and setting forth also much information as to the workings of distributive coöperation there, it is almost

encyclopedic in scope and method. The special student of the "labor problem," and the coöperators themselves, will welcome this extraordinary fullness of fact; but to the general reader, and specially to the American reader, it will make the work seem cumbersome and dull. Mr. Jones is rather a chronicler than a historian; his narrative lacks the boldness of outline, the "perspective," the logical order, the lively movement, the summary statements of conclusions, which a more skillful hand might have given it. Moreover, the vital distinction between productive and distributive coöperation is sometimes obscured; as is the equally important distinction between concerns which are really nothing more than workingmen's joint-stock companies, and those which, in conformity to the coöperative theory, identify employer and employee, and substitute profit-sharing for the payment of wages. Nevertheless, the work has three great merits: it is the product of long and intimate acquaintance with every phase of the movement which it depicts; its spirit is eminently candid and judicial; and it records in permanent form some of the most interesting and important facts in the recent development of British industry, which otherwise might have passed into oblivion.

The first two chapters are introductory. Chapter III sketches the coöperative movements which occurred before, and about the beginning of this century. Chapter IV sets forth the coöperative ideal which was generally cherished up to fifty years ago, viz., that of separate communities. Chapter V describes "Robert Owen's Remedy." In chapter VI is given the history of some ten community experiments, most of which had the same enthusiastic beginning, the same eccentric membership, the same incompetent management, and the same dismal collapse. Chapter VII, under the title "Half a Loaf," portrays the decay of faith in such separate communities, and the founding of associations for limited and partial coöperative effort. In chapters VIII-X is given an account of the organization and career of Labor Exchanges, Redemption Societies, and Christian Socialist Associations. The next two chapters are specially important, as showing the immense stimulus which was afforded the coöperative movement through the adoption by Parliament in 1862 of the Joint Stock Companies Act, which extended to these associations the privilege of limited liability. This was an epoch in the history of coöperation, and from this point on Mr. Jones treats the subject in the classificatory instead of the chronological mode. Twelve chapters are

devoted to the history of coöperative effort in tailoring, corn-milling, the manufacture of cotton, woolen, leather and iron goods, coal-mining, publishing, agriculture, etc. The last four chapters are entitled "Justice! How to Get It," "Organization and Management," "Profits and Profit-sharing" and "The Future." What this future ought to be, according to Mr. Jones, is indicated in these words: "The nation, being itself the consumer or user, should undertake to perform for itself, as part of the ordinary functions of government, everything that is required to be done, if the thing required is wanted in sufficiently large quantities to justify the formation of an establishment for doing it." (p. 811.)

The impressions one derives from a study of this work are such as these: that the coöperative movement in Great Britain is a testimony to the sturdy and independent character of her working class; that its founders and many of its promoters were men of noble purpose and disinterested devotion; that it made large promises and aroused fervent hopes which remain—so far as *productive* coöperation is concerned—mostly unfulfilled; and that it has had on the whole a valuable educational and ethical effect, while at the same time predisposing many minds to adopt a pernicious theory of State Socialism.

W. F. BLACKMAN.

*Prince Henry, The Navigator.* The Hero of Portugal and Modern Discovery, 1394–1460 A. D. With an account of Geographical Progress through the Middle Ages as the preparation for his work. By C. Raymond Beazley, M.A., F.R.G.S. New York: G. P. Putnam's Sons. 1895.—12mo, xxvii, 336 pp.

Prince Henry, if any one, should find a place in this series of "Heroes of the Nations"; yet the personal details about him, derived from contemporary evidence, leave him at best a somewhat shadowy figure. Mr. Beazley evidently questioned whether there would be enough material of the right sort to fill up his book, for he has given only a little more than half of his space to the subject proper. In this I think he made a mistake; for in any case, in his preliminary chapters he set himself too large a programme. His sketch of the progress of geographical knowledge is too crowded with facts and fragmentary discussion to be of much service. At least one rises from the perusal of it with a sense of confusion. The maps also are reproduced on too small a scale and too indistinctly.



The second part of the volume on Prince Henry and his work is excellent, and should be received with grateful feelings in view of the fact that previous biographies are either out of date or out of print, or both. Mr. Beazley shows great industry and enthusiasm for his subject, but occasionally a little more application of sound historical criticism is to be desired. One cannot but regret that he did not have the guidance of the Marquis de Souza Holstein's "*A Escola de Sagres e As Tradições do Infante D. Henrique*," which is the best contribution to our knowledge of the subject since Major's work. The work of Wauwermans on the other hand, "*Henri le Navigateur et l'Académie Portugaise de Sagres*," which he cites among his authorities, adds nothing of importance to what is in Major.

Among the points noted for criticism are the following: On page 135 the Portuguese are said to have learned of the value of the Levant trade in Bruges and in London in the fourteenth century. Although the evidence is scanty, I think it can be shown that the Portuguese participated in the Eastern trade two centuries earlier. They are mentioned among the foreigners frequenting a fair at Salonica in the latter part of the twelfth century.<sup>1</sup> On page 136 Dom Pedro is said to have "brought back to Portugal for the use of discovery that great mass of suggestive material, oral and written, in maps and plans and books which was used for the first ocean voyages of Henry's sailors." Dom Pedro returned in 1428, but on page 168 Mr. Beazley states that "every year from 1418 caravels had left Sagres 'to find the coasts of Guinea.'" The evidence for this assertion, to be sure is very doubtful, but as Mr. Beazley accepts it, he cuts the ground from under his statement in the preceding quotation. What reader, however, would suspect in reading that sentence that, so far as our evidence goes, a copy of Marco Polo and a map formed the sum total of that "great mass of material," etc.? An equally

<sup>1</sup> I give the citation for this fact as I have never seen it referred to in histories of Medieval commerce. C. B. Hase in vol. viii, p. 272 of the "*MSS. de la Bibliothèque du Roi*," prints a passage from a satirical dialogue not previously published, descriptive of a fair held during the festival of St. Demetrius at Salonica, "Συρρεῖ γὰρ ἐπ' αὐτὴν οὐ μόνον αὐτόχθων ὄχλος καὶ ἰθαγενὴς, ἀλλὰ πάντοθεν καὶ παντοίως, Ἑλλήνων τῶν ἀπανταχοῦ, Μυσῶν τῶν παρικοίνων γένη παντοδαπὰ, Ἰστροῦ μέχρι καὶ Σκυθικῆς, Καμπανῶν, Ἰταλῶν, Ἰβήρων, Λυσιτανῶν, καὶ Κελτῶν τῶν ἐπέκεινα Ἀλπεων, καὶ συλλήβδην εἰπεῖν ὠκεάνιοι θῖνες ἰκέτας καὶ θεωρὸς ἐπὶ τὸν μάρτυρα πέμπουσιν." The writer also notes that the Moors of Spain sent beautiful fabrics to this fair. This dialogue Hase attributes to the period of the Comneni.

misleading and objectionable instance of introducing conjectures adorned with imaginative details is found on page 322. According to Ferdinand Columbus, John II. of Portugal secretly despatched a caravel to test the feasibility of Columbus' proposition to reach the Indies by sailing west. "After wandering many days over the sea, returning to the Cape Verde Islands, they came back laughing at the enterprise and saying that it was impossible that any land should be found in these waters." Such is the evidence. In Mr. Beazley's pages it becomes: "they put back to Europe with a fresh stock of the legends Henry had so heartily despised. They had come to an impenetrable mist, which had stopped their progress; apparitions had warned them back; the sea in these parts swarmed with monsters; it became impossible to breathe." Probably this method of writing history will never be obsolete in spite of the rise of "new schools." In this case the imaginative detail is not merely harmless adornment of bare facts; it is distortion and involves a serious anachronism. Most, if not all, of those vague terrors of the deep had been dispelled long before by the voyages of Prince Henry's sailors.

With the exception of a few points like these, Mr. Beazley evidently has studied his material with care, and has produced an interesting narrative of Prince Henry's work and influence. If a second edition should be called for, as it is to be hoped will be the case, the proof reading should be more carefully performed. A considerable proportion of the less known proper names are misspelled. Even Castile is more than once printed "Castille."

EDWARD G. BOURNE.

*The Peoples and Politics of the Far East.* Travels and Studies in the British, French, Spanish and Portuguese Colonies, Siberia, China, Japan, Korea, Siam and Malaya. By Henry Norman. With sixty illustrations and four maps. New York: Charles Scribner's Sons, 1895.—8vo, xvi, 608 pp. \$4.00.

We have a common habit of speaking of the *people* of Asia. The fact that such a misleading term is allowed to pass unchallenged when applied to the multitudinous and divers races of the great continent, who have never become harmonized into a political family like that of Europe, shows, if once fairly considered,

<sup>1</sup> Historie, Cap XI.

how alien our ideas are from those of the East. There for the most part conditions still exist which obtained among our ancestors as long ago as the fifteenth century, when men were well content to stay in safety at home, and strangers were commonly regarded as enemies. With none of the cementing influences of a common religion, of similar legal institutions, of highly organized commercial and banking systems, it is difficult for us to understand that the Asiatics, though inhabiting contiguous territories, remain as in ancient times many *peoples* but in no sense a people. Perhaps the most useful purpose served by Mr. Norman's book is the opportunity here afforded the general reader of gaining at a glance some conception of the radical differences in type and tendency as well as in civilization that exist between the nations of Eastern Asia. The author's arrangement of topics is upon strictly political lines, the volume being divided into a group of chapters describing the possessions of European states in the Far East, followed by another group treating of the four oriental nations upon the Pacific seaboard, to which he adds an account of his personal adventures in a trip across the Malay peninsula. One cannot but feel that this latter portion, though quite the most entertaining section in the book, is rather needlessly intruded upon a work already too extended, the legitimate interest of which lies in other directions.

The chief value of Mr. Norman's contributions to our knowledge of the East is their faithfulness as impressions produced upon an acute observer unbiased by any previous preparation for his task. His is the modern correspondent's standpoint, somewhat glorified and refined, it may be, for what journal could afford to keep a man hunting and traveling for four years between the Irrawaddy and the Amur?—but the newspaper reporter for all that. And an amusing witness of his sympathy with one of his sort is seen in his admiring quotation from a volume by one Cooke, a *Times* correspondent in China in 1857, as being "the wisest remark ever made by a foreigner setting out to write about things Chinese." A critic of this species, however gifted, cannot be entirely trusted beyond the detailing of facts and personal experiences. His information is usually precisely what we most want to know, his judgments, on the other hand, are of a kind with those of his countrymen, mostly ending in the dictum 'Be British and you shall be happy and secure.' Mr. Curzon has dealt with the "Problems" of Asiatic control in a more philosophical



and satisfactory spirit. So far as China is concerned his book is in all respects to be preferred to Mr. Norman's, who lays undue emphasis upon the cruelty, greed and duplicity of the Chinese, and hardly appreciates the real strength of their *vis inertia*, that conservatism which they possess in common with all orientals. In passing, it ought to be said that one of the brightest and most instructive chapters in the book is that on Sir Robert Hart, wherein is described the organization of a Chinese customs service under the control of an administrative genius of the very first rank. It does not seem to occur to the author that the continued success of this institution during a generation, despite the apparently hopeless incapacity of the Manchu administration in other respects, argues that the Chinese government may, if sufficiently frightened, hand over its affairs to some competent foreigner and thus restore "this country of rag-tag and pig-tail" to her proper position among nations. He believes that China to be saved must be divided by the great powers, and this may very possibly happen in the near future; but with the example of Turkey in mind, it is difficult to see in what manner the partition is to take place, or how the Christian world can safely suffer such a violent disturbance of equilibrium as this suppression of an ancient state would involve.

In his chapters devoted to Indo-China Mr. Norman touches upon certain political factors, hitherto involved in obscurity, which are likely to assume a place of great interest in the future. It is here that France is endeavoring for the third time in her history to build up a colonial empire. Her two previous efforts, made in North America and India during the eighteenth century, failed hopelessly in the long struggle with England, and this late attempt in South-eastern Asia cannot, as the author feelingly observes, "be contemplated without much sympathy." The exact reasons for her failure are indeed hard to seek. Why does one branch of the Aryan stock produce good artists and another good cooks and another good colonists? We can only say from historical experience that such is the case, and that the qualities which make for success in a particular human endeavor are given to some and denied to many. An examination of French experience in Annam shows that something must be radically wrong with the French character, and in the light of their failure here Mr. Norman argues gravely against the future of France as a nation. "It is not yet generally recognized," he says, "that



France has never been less able to colonize with success than to-day. Not only has her population begun to decrease, after a long period of stagnation, but her finances, for so long the wonder and envy of the world, have now taken the same turn."

It is not alone the fact that the French, having no colonists to speak of, try to maintain their foreign possessions by 'administering' rather than by colonizing; the Spaniards did this for two centuries, and, though they got themselves hated everywhere, they succeeded in making a whole continent Spanish. The trouble seems to lie deeper than in mere theory, it is constitutional. French rule is a stupendous lie both at home and abroad. They pretend a republic, but every individual, when raised to a position of power, becomes an autocrat so far as he dares. In France itself this is difficult, but in the colonies the civil and military servants simply run riot. In Cochin China, according to the statement of a former Under-Secretary for the Colonies, "out of a French population of 1600, 1200 are fonctionnaires. How is it administered? It has a Colonial Council: elected by whom? by the 1200 fonctionnaires, who have also a deputy. And you expect that confusion and disorder will not reign in that country!" These precious *fonctionnaires* cost \$1,800,000 in salaries a year, during which time \$80,000 was spent upon public works in the colony—"the one expenditure upon which the entire productive future of such a place must depend." Add to this showing the fact that there is a perpetual antagonism between colonist and government, between civil and military authorities, that favoritism and dishonesty corrode the administration and frustrate the simplest plans for exploiting mines and pushing railroads, that every colony is surrounded by a high wall of tariff, and that foreigners are made to pay double in order to reserve the opportunities of money-making to Frenchmen, and some idea of the character of French colonization may be obtained. What the deficit of her whole colonial system is cannot easily be computed, but after an ingenious calculation from official sources Mr. Norman finds that Tongking since its conquest has cost the Republic some forty-four and a half million francs a year, an average of 122,039 francs a day. "It may safely be foretold that when the taxpayer comes to realize this fact he will be surprised, and his surprise will manifest itself in a striking manner."

Siam and her recent history, as reviewed by Mr. Norman, present a painful picture of corruption and incompetence of quite

another variety. Here the mockery of government is conducted by a feeble native race, the reality of territorial aggression by their French neighbors. All that has been published about Siamese efforts for reform makes an impressive showing on paper, but is, we are told, throughout an extravagant fraud. The civil and military services are precisely analogous to those represented in the picturesque operas of Gilbert and Sullivan. Meanwhile the French to the east of this supine and besotted people are steadily preparing to swallow their territory in larger or smaller mouthfuls as they may be permitted by the jealousy of other European States. Taken in connection with the incapacity of Frenchmen in the work of managing a colony, as previously shown, the author's forecast of Siam's future is gloomy in the extreme. Unless England interferes, indeed, this productive country will inevitably be absorbed by French greed and subsequently debauched and destroyed by French incompetency. These, of course, are the views of an English observer, but they have an importance as indicating the tendency of British public opinion; and in the long run public opinion directs British policy.

F. W. WILLIAMS.

*The Life and Times of James the First, the Conqueror, King of Aragon, etc.* By F. Darwin Swift, B.A. Oxford: Clarendon Press, 1894.—8vo, pp. xix, 311.

James the First, King of Aragon from 1213 to 1276, is one of the conspicuous figures in the history of mediæval Spain. Inheriting Aragon, Catalonia, and possessions in Southern France, he conquered Valencia and the Balearic islands from the Moors, and made an unsuccessful but noteworthy attempt to bring together the Mediterranean peoples between the Alps and the Jucar into a united Romance nationality. Within his dominions he had to contend with the same elements of feudal resistance which confronted the royal power in the other parts of western Europe, and he learned, like his contemporaries, "above all things to keep the Church and the people and the cities in his grace, 'for the knights revolt sooner against their lord than the others.'"

Mr. Swift's careful study of the Aragonese hero is the outgrowth of an essay written for the Marquis of Lothian's prize in 1889. James' own Chronicle of his reign Mr. Swift does not consider a safe authority, and he has corrected and supplemented it by a careful study of published material and extended investigations in the archives at Barcelona and Madrid. The first part of the volume is devoted to the facts of political history, set forth in chronological order with little in the way of comment or generalization. The author shows no preconceived fondness for the Conqueror, whose "sins were sins against knowledge" and whose "life was a series of more or less conscious attempts at self-deception;" and the frequent lack of governance at home and the final failure of the king's foreign policy are clearly pointed out. The second part of the book treats of the condition of James' dominions during his reign. There are also chronological and genealogical tables, various documents illustrative of the reign, and brief appendices on the county of Urgel, siege engines, the currency, and the king's Chronicle.

The chief defect of the work lies in a too unremitting use of the microscope. The facts of the reign are seen clearly, but not always in their proper relations to the previous and subsequent history of Spain. Even if we accept the author's principle that a book should consist only of premises, and leave readers free to draw their own conclusions, we must insist that the premises be given in their full historical setting. In his comparisons with the state of affairs in other countries the author shows an obvious reliance on Hallam and Guizot and an unfamiliarity with more recent investigations. He repeats (p. 161) Hallam's questionable statement concerning the Castilian Cortes of 1169, and implies that there were no similar assemblies in France until 1302. His account of the Visigothic code (pp. 199-200) confuses the Breviary of Alaric and the *Lex Visigothorum*, and in discussing the work of James as a legislator (p. 218), he compares the Valencian code of James with the *Établissements* of St. Louis, as if the latter were really a royal code, and this after citing Viollet's edition in the bibliography. Sparing of generalization on the period which he has made his own, Mr. Swift writes with great positiveness of other times. He thinks the Visigothic invasion took place in "an evil hour for Spain;" the Moorish conquest was a change "from darkness to light." By Almanzor "the barbarians of the north were once more reduced to their

proper insignificance." In a book of this kind such faults are, however, of a secondary character; they diminish its effectiveness but they do not impair its value as an impartial and conscientious presentation of the facts of an important reign.

CHARLES H. HASKINS.



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COMMENT.

*The Abolition of Legislative Assemblies: Dangers in the Fellowship System.*

HAWTHORNE once said that if an Englishman were to know every American and like him personally, he would still cling tenaciously to the belief that Americans in general were bad. Just the opposite of this sort of prejudice is seen in the attitude of the public mind toward legislative assemblies. People who see that every individual legislature does its work badly still hold to the tradition that legislative assemblies in general are a good thing. Most men are ready to condemn the work of boards of aldermen and to urge putting an increase of power into the hands of the mayor, but they accompany this proposal with the statement that a municipality is not like a State or a nation. Large numbers of people distrust State legislatures so much that they strive to tie the hands of those legislatures by constitutions, and insist on a popular vote on all matters of vital importance. But they claim in each case to be distrusting the individual legislature rather than the system of representative government as a whole. Almost everybody, irrespective of party, is ready to join in unmeasured abuse of Congress, both for what it does and for what it fails to do; but everybody recoils from the proposal to seriously restrict the powers of a national legislature. The voters express their condemnation by sweeping changes in the personnel of Congress at each recurring election; but they cling tenaciously, in the face of all experience, to the hope that change

of men and change of parties will effect a reform which really requires change of principle.

What has given legislative assemblies, elected under the system of representative government, such prestige that people who condemn their actions fail to condemn the system which bears fruit in such action wherever tried? The answer is to be found chiefly in the history of the English Parliament. For centuries this body proved an invaluable bulwark against monarchy. The struggle of the people to oppose tyranny was carried on by representative bodies of this kind. The stronger such bodies were, the less was the chance for the monarchy to stifle the liberties of the people. Representative governments in general, and the English Parliament in particular, checked this process of monarchical encroachment by keeping the people informed of what was going on. In the long struggle between Charles I. and his people, the actual power of Parliament at first was not very great. What parliamentary opposition accomplished prior to 1640 was to compel the king to make his encroachments known and obvious to every one, and thereby to arouse the people to unity of action, which would have been impossible had they not known exactly what was going on.

This function of parliamentary bodies has been rendered unnecessary by the development of modern journalism. Newspapers keep people far better informed of what is going on than the best constituted representative body ever could or did. There is no chance for a sovereign to conspire against the liberties of the people, when the press will throw more publicity on his action in a day than a parliament or a congress could in a year. The newspapers have done away with the possibility of sudden constitutional changes. Where the press is not powerful enough to prevent a *coup d'état*, a legislative assembly is even more conspicuously powerless. The history of France has more than once illustrated the truth of this statement.

In spite of the development of the newspaper, legislative bodies still maintain a semblance of their old-time use. We still have congressional debates carried on at considerable length; but these debates do not as a rule serve to inform

the people of what is going on. A member may send his speeches post-free to his constituents, but these constituents have already made up their minds on the basis of what the journalist has told them days before. Talking for buncombe has become a by-word. Occasionally we find a debate where the speakers rise to a high oratorical level, and do something to educate the people, if not to turn votes from one side to the other; but these are rare exceptions. With the adoption of rules for closure, our legislative assemblies on both sides of the water have virtually confessed that their usefulness as a means of public information is at an end, and that the pretext of giving such information is now made a means for abuse and delay.

Even with closure, a legislature as at present constituted is about as bad a means of getting laws made as could possibly be devised. We all know Macaulay's aphorism, that armies have won victories under bad generals, but no army ever won a victory under a debating society. In parliamentary government we are trying to solve complicated problems of legislation under a debating society. What wonder if we make a lamentable failure? If we set to work to choose the worst possible methods of getting laws made, we might easily select the present system as giving the maximum of irresponsibility. The bulk of the work is necessarily done in committee, and most details have to be settled by a committee. These committees are not held directly responsible by the people or under any immediate control from popular election. They are usually appointed by a speaker, who himself owes his election, not to popular vote, but to the vote of the representatives themselves. To the work of these committees very inadequate publicity is often given. To add to their irresponsibility we may have differing reports from committees of two houses. A compromise will result which may contain all the bad features of both bills, and in such a compromise each house can disclaim responsibility for the general evil because it opposed certain specific provisions which were insisted on by the other. Either house has the power to block the wheels of good legislation and to use this power as a means of blackmail for extorting concessions that are distinctly bad for the public interest.

Besides the evil effects of legislation, the system of government by debating society gives almost indefinite opportunity for corruption. It creates a body of office-holders who are not themselves engaged in administrative business and who cannot, therefore, be held responsible for the evil conduct of such business. These office-holders have it at the same time in their power to use their position to hamper the administrators very severely, unless these men will consent to a levy of blackmail. The tenure-of-office bill and other means of civil service reform have been directed against this evil, but we know how inadequate they are to cope with it.

But many persons will say, admitting the badness of representative government for its purposes, is it not a necessary evil? Admitting that the legislature gives us much bad and little good legislation, how can we get the little which is imperatively needed except through the agency of a legislature? The answer is, first, that effective legislation is so closely connected with efficient public sentiment, that when the latter is once aroused the courts can usually give effect to the popular voice without new statutes. Where, however, judicial process is insufficient and statutory amendment necessary, it is by no means impossible to submit such amendments directly to the will of the people. This is what is done in the adoption of State constitutions, and what must be done in order to amend that very large part of our statute law which is incorporated in such constitutions. It is what is done in those countries where the *referendum* is an established institution. If the draft of the law, instead of being presented to the state or country by a more or less irresponsible committee, were framed by a responsible man or body of men under the direction of the chief executive, and submitted to the people for acceptance or rejection, we should not only get better laws, but we should get them more promptly passed. If the executive were to appoint committees of experts to draft bills, and the bills thus drafted were acted on directly, the executive would be responsible for their success or failure if they were carried; the people would be responsible for the old state of



things if they were not carried. This might not be an ideal system, but it would have great advantages over the one at present in use.

The greatest obstacle to the proposed change perhaps lies, not in any difficulties attendant upon putting it in practice, but upon the initial difficulty of getting any representative body to place so low a value upon its abilities, either as a means of public information or as a creator of statutes, that it would consent to the constitutional steps necessary for putting such a change into effect.

The present generation has witnessed a large development of the graduate fellowship system. Thirty years ago a man who wished to devote himself to pure science had to take his chances of self-support from the very beginning. The struggles of first-rate men to keep body and soul together under such circumstances aroused well-deserved sympathy. Every year an increasingly large amount of funds has been placed at the disposal of prominent universities, to be awarded to graduate students in the form of fellowships. As matters stand at present, there is quite an active competition between different universities in bestowing such fellowships on really promising men. A man who will devote himself to science or scholarship, and who has shown any marked ability in this direction, is certain to find the way made easy for him at the outset. To most people this will seem an unmixed good; but those who look more carefully into the history of higher education may well ask whether we are working from the right end. May it not be that the money which is thus put into fellowships would be far more usefully applied if it went to increase the pecuniary rewards offered to scientific men at the close of a successful career, instead of at the beginning of a problematical one?

Even in so honorable a profession as theology, this system has not been without its dangers. Assistance which was originally intended to meet the wants of the self-denying devotee, has proved an attraction to many a man who has no conspicuous bent toward any profession, and who finds the way into the Christian ministry made easy for him. The

result is that a large number of people enter our seminaries with only a vague inclination and an uncertain fitness for the work involved. If by premiums offered at the outset so many are induced to embark in a career that the market becomes crowded with second-rate men and that the emoluments connected with it are reduced, these things cannot help reacting unfavorably on the influence of the profession and the character of the men who will go into it in the future.

Any one who looks at the roll of graduate students in our American universities during recent years will see reason to fear that, though their number has increased, their average quality has not correspondingly advanced and has perhaps actually declined. The proportion of second-rate men who are devoting themselves to scholastic research has in it very great dangers, direct and indirect, for the future of learning in the United States. What we need is not more help to a larger number of men at the beginning of their career, but more competition for the services of first-rate men at the end of their career. A large reward at the end, to be striven for, with its chances of success or failure, will attract first-rate men; an assured and small return at the beginning involves a risk of bringing us far too many second-rate ones.

Look at the difference between the university history of England and Germany. In England learning has been encouraged by munificent fellowships. The endowments of Oxford and Cambridge are unequaled throughout the world. Yet on the basis of this endowment, the performance of the graduates of those universities has been miserably inadequate. In Germany, on the other hand, there is probably far less money expended, but it has been spent in keen competition for services of able men. At the outset, a German specialist has to take his chances. He is given the right to teach and let others see what he can do. If he is successful in teaching, his services are sought elsewhere. As a man becomes more and more advanced in his profession, the rivalry of different universities for his services increases. The result is that productive energy is stimulated to the utmost, and that the university career in Germany attracts on the whole a larger part of the influential men in the



community and in the world than does the same career in England.

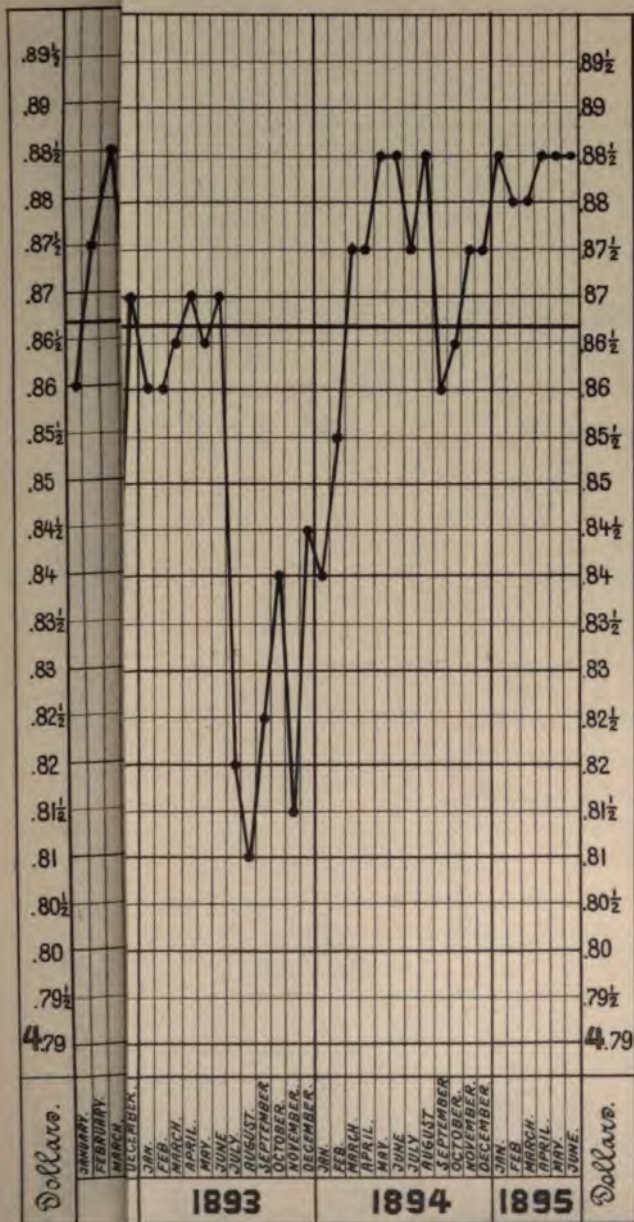
There is danger that our American universities at their formative period may be for the moment turning too much toward the English idea of endowed scholarship, and away from the German idea of keen competition, in performance and for performance, which has made German university work so effective. In America more than anywhere else we may be sure that the best men are not to be attracted into any profession by lightening its conditions of competition, but by intensifying them. We are strongest as a nation, not where the work is easiest, but where the reward is greatest and the compulsion to hard work correspondingly great.

## FOREIGN EXCHANGES AND MOVEMENT OF GOLD 1894-1895.

**A**N examination of foreign exchange rates for a series of years will show a periodicity in the variations, with answering movements of gold. Properly speaking, the import and export of gold have been free only since 1879, as a fluctuating premium on the metal prior to resumption was a disturbing factor. Resumption came at a time when a series of deficient crops in Europe had created an unusually heavy demand for American breadstuffs, and this food was paid for in gold. In no two years before or since have the imports of gold been so large as they were in 1880 and 1881, when the net imports were \$77,119,371 and \$97,466,127 respectively; and in no two years were the total exports of gold so small, \$3,639,025 in 1880, and \$2,565,132 in 1881. Such an unusual situation should be thrown out in making a general average as readily as that due to suspended specie payments; and the regular fluctuations of exchange did not begin till 1882. Some reaction from these heavy imports of gold was inevitable; and for two years the inflow of gold was only \$9,000,000 greater than the outflow. The imports of 1885 almost exactly balanced the exports of 1884. It is, therefore, with 1886 that a consideration of the notable variations in movement against the United States may be studied in detail.

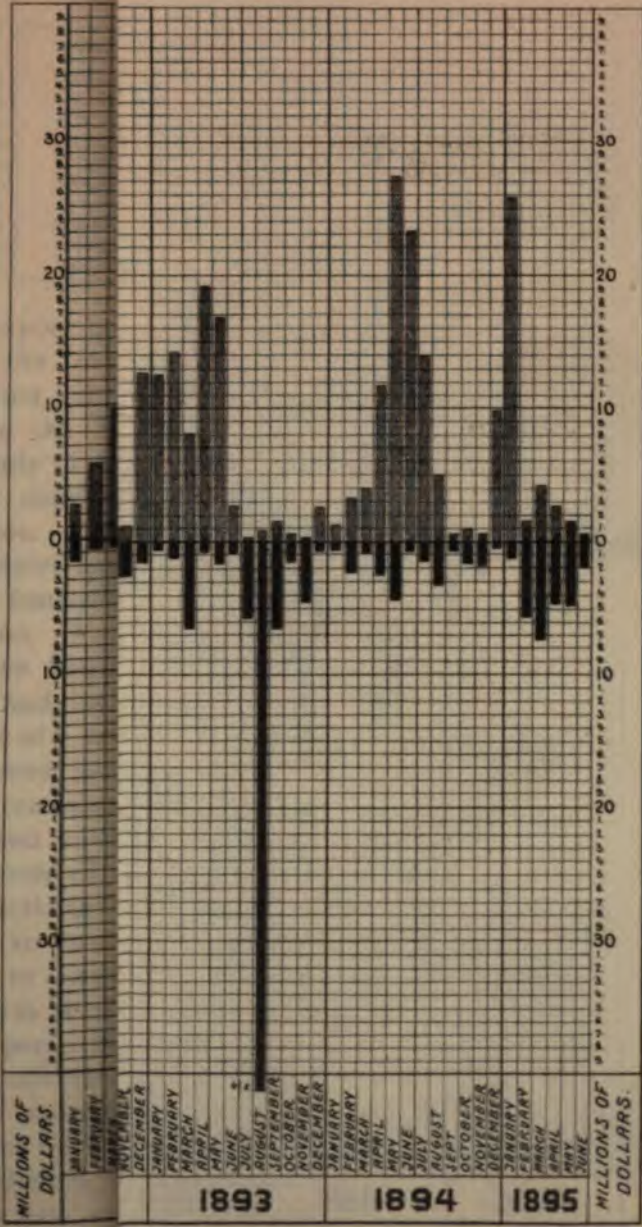
Beginning with 1886, it will be seen from the diagram, as a rule, the rate of exchange between New York and London has been above par in the summer months—May, June, and July,—and below par towards the end of the year,—November and December—or January of the succeeding year. Gold was exported in the summer, and imported in the winter. In 1890 there were signs of irregularity in this course; and in no year since have the rates of exchange resumed an even tenor. Further, the rate has been more uniformly against the United States, and given occasion to quite as exceptionally heavy an export of gold as were the imports of 1880 and 1881. The movement since 1886 has been as follows :

and London.





- 1895 :







## GOLD COIN AND BULLION IMPORTS AND EXPORTS.

Year ending June 30—	Exports.	Imports.	Excess of exports over imports.	Excess of imports over exports.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
1886 -----	42,952,191	20,743,349	22,208,842	-----
1887 -----	9,701,187	42,910,601	-----	33,209,414
1888 -----	18,376,234	43,934,317	-----	25,558,083
1889 -----	59,952,285	10,284,858	49,667,427	-----
1890 -----	17,274,491	12,943,342	4,331,149	-----
1891 -----	86,362,654	18,232,567	68,130,087	-----
1892 -----	50,195,327	49,699,454	495,873	-----
1893 -----	108,680,844	21,174,381	87,506,463	-----
1894 -----	76,978,061	72,449,119	4,528,942	-----
1895 -----	66,131,183	35,120,331	31,010,852	-----

This export has not been due to causes as easily explained as were the imports of 1880-'81, and it has led to a crisis which must go into history as one of the important turning points in the financial experience of the United States. Some study of these causes, however imperfect, may lead to a better understanding of what is needed to prevent a recurrence.

The twelve months ending June 30th, 1895, have presented financial features of so unusual a nature as to approach the sensational. Twice in that time has the national government been brought to a crisis in the management of its finances, and twice have the great money centres been on the verge of a panic, by the side of which that of 1873 would have seemed insignificant. The consequences of 1873 were normal, temporary, and only demanded a few years of caution and saving to cure and make good the loss. The consequences of a precipitate realization of a silver basis for all transactions would have approached permanency, and required an incalculable amount of economy and intense suffering to have restored reasonable prosperity. At one time it was a question of twenty-four hours whether an extreme panic or confidence should prevail; and so close was the call that weeks were required to wipe away the feeling of uncertainty induced by being suddenly brought face to face with a great peril. Yet the events of 1895 had been predicted for nearly twenty-five years, and prudent managers had sought to discount the effects as best they

could, while the larger number, hoping the crisis was distant, looked at the contingency in a speculative view, and counted upon their own escape when it should come. We might date the beginning of this depressing influence with the panic of 1873; for it was to the conditions then emphasized that the country owes the periodic recurrences of currency agitation and experiment. First, the greenback craze had to be met and voted down. Success in this was immediately followed by the inauguration of a policy which was intended to be a concession to the cheap money advocates—the limited purchase and coinage of silver. It required all of fifteen years to demonstrate the danger of that compromise. It has been a long and slow process of currency depletion since the passage of the act of 1878, in which the volume of the currency has been greatly increased and its quality continually brought near the line of debasement. Such a situation in itself had led to a feeling of uncertainty, and the growing unrest was aggravated by the pressure of “bad times.” The failure of the Barings, the commercial and industrial depression, the Australian banking crisis, and the currency “panic” of 1893 in the United States, each contributed to induce caution and enforce contraction in every direction.

In 1894-'95 public attention was fixed upon the movement in the gold held by the national treasury, as this gold was an obvious and measurable factor in determining the status of that important but imponderable element, “confidence.” This stock of gold had slowly accumulated in anticipation of and subsequent to resumption from \$128,460,203 (June, 1878) to \$332,351,306 in September, 1888—the highest figures ever touched. Since that time the drain of gold from the Treasury began, at first slow and somewhat uncertain, but after the silver law of 1890, it increased in volume and certainty. In October, 1890, the total stock had fallen below \$300,000,000; in May, 1893, below \$200,000,000, and for the first time since the resumption of specie payments the reserve of \$100,000,000, held against the greenback circulation, was impaired. From January, 1892, to June, 1893, there was a steady export of gold in excess of imports. In the fiscal year 1893 (July 1st,

1892—June 30th, 1893) this excess was \$87,506,463, a sum sufficient to account for the Treasury loss, and also sufficient to prove that any demand for export eventually fell almost entirely upon the Treasury holdings. The crisis of 1893 came, and gold was imported, not in obedience to natural conditions but under "panic" demands, because it was needed at any price, and was bought or borrowed as a commodity rather than in settlement of any commercial exchanges. For ten months the "balance" of gold was thus held in favor of the United States, but a sharp reaction occurred in May, 1894, and from that time the amount exported has greatly exceeded the amount imported.

At the end of April, 1894, the Treasury held no more free gold than was needed to constitute the reserve—\$100,202,008, a margin so narrow as to leave nothing to meet the expected, because natural, exports of gold of the summer. For nearly seven months the rate of exchange on London, the most sensitive gauge of financial condition, had been rising, and in that time had fully recovered from that extreme plunge taken by reason of the crisis of June, 1893. Slowly but surely the rates had risen from an importing point to one that permitted exports of gold, and in April the outward flow was initiated in earnest, but not in such a volume as to awaken anxiety. An export of \$11,700,000 had been equalled and exceeded in previous years, and the summer movement was inevitable. The trade figures did not appear to demand a large export, for the value of exports of merchandise since June, 1893, had exceeded the value of imports by nearly \$240,000,000. In May nearly a million dollars of gold was sent abroad each day, but even this unusually large amount created no more than a passing apprehension, mitigated by a hope of a turn in the flow, and not until the movement of June became felt was the money market disturbed. The end of May left the Treasury reserve at \$78,700,000; the end of June at \$64,873,000; but neither amount reflected the total gold withdrawn from the Treasury. What added to the dangerous possibilities of the situation, the rate of exchange on London ruled high.

The conditions at home thus suddenly pointed to an untimely and extraordinary demand for gold for export. Abroad there were certain elements to be considered as exerting an influence in attracting gold, but these should have been of little weight. The leading money markets were stagnant, and in a chronic state of over-supply. The Bank of England held its rate of discount at two per cent. unchanged since February; yet, in spite of this low rate, gold continued to flow into its coffers until September, when the holdings had risen to the "unprecedented" total of nearly £39,000,000, and the reserve was £31,300,000, or higher than ever before. Such a "glut" was succeeded by a drain of the metal to the interior and to the Continent, and in three months—from the end of September to January, 1895, the bank lost more than £6,540,000. As soon as the regular interior movement had ceased, and the Continental demand was satisfied, the accumulation recommenced, and by June, 1895, had more than regained the figures of June, 1894.

In France the policy of accumulating gold has gone on apace through two years, and more than 250,000,000 francs were added to the holding of the Bank of France. This accumulation is all the more remarkable in that it implies a sacrifice on the part of the bank.

"The task of accumulating a large war reserve of gold which the Bank has voluntarily undertaken, and which has been facilitated by the favourable London Exchange, entails a heavy burden on the Bank in payment of a duty on the note circulation representing the gold reserve. With a note issue of 3,476,000,000 francs to-day, the active circulation or portion producing a profit—discounts and loans on securities—was only 700,000,000. The Bank is not permitted to compound for the tax on the note issue, but pays one-half per thousand on the active or profit-giving circulation, and one-fifth per thousand on the rest. The Bank consequently derives no benefit from the surplus cash, and has to bear the cost of finding the notes as well as to pay duty on them, and this burden goes on increasing with the increase in the gold hoarded."<sup>1</sup>

<sup>1</sup> *Economist*, 8 December, 1894.



Another circumstance worthy of notice is the situation in Germany. If any money market has in the past been infected with political principles it was the German Bourse in the eighties. When Russia wished to add to her debt, it was through German agents her bonds were floated, to be held, as a rule, in German hands. In 1887, Bismarck issued his remarkable order practically forbidding the negotiation of Russian securities on the German markets—an interference based entirely on political reasons, and entirely indefensible upon economic or financial grounds. This measure was followed by duties on and legislative control of bourse operations which were not onerous in themselves, but acted as restrictions on speculative sales and purchases, such as arbitrage transactions, of high utility in any market. A very large share of ordinary business was by this regulation driven to other markets—Brussels, London, and Paris—where the same restrictions did not exist. Further, the prohibition of business for political reasons led to heavy investments of German capital in other and less desirable lines of securities—Argentine, Brazilian, Greek, Portuguese and even Mexican stocks. The same result followed as had followed the ventures of English capitalists in such risks, and Prof. Schmoller places the losses to German investors in recent years at 800,000,000 marks (\$190,400,000.) As it is, the yearly returns to Germany from foreign investments are estimated to be between 500 and 600 millions of marks, on a capital of from 10 to 13 milliard of marks.

In the face of such losses there has been as marked accumulation of gold in the Bank of Germany as in the Bank of France, and Germany has received more American gold than either France or the United Kingdom since June, 1893. In two years the gold in the Bank has fluctuated in amount, falling to the lowest point in October, 1893 (\$179,997,200) and rising to \$267,000,000 in February, 1895. The gain has been \$89,000,000, of which \$65,000,000 net was obtained from the United States—an unusually heavy movement. From 1880 to 1888 the movement of gold was from Germany to the United States, resulting in a net gain to the United States of \$69,000,000 in gold; but since 1889 the flow has been from

the United States to Germany, and has given \$103,000,000 to that country alone—or what was needed to meet the demands of its bank. It will be seen from a table appended that Germany was the most important receiver of the gold that was taken from the Treasury in the Summer of 1894. Nor did this satisfy her needs. In 1894 further sums of gold were imported, \$24,728,000 from Russia, \$19,682,000 from the United Kingdom, and \$6,420,000 from France. The aggregate for 1894 was more than double that for 1893, and against the \$78,000,000 imported were set only \$12,700,000 of export.

For some years a number of nations have been looking for gold, with which to replace an irredeemable paper currency, or, what was an equally disturbing commercial factor, a depreciating silver coinage. This has in part been the "scramble" for gold which is so often mentioned as an extreme danger. When the United States resumed specie payments in 1879, hardly a ripple of movement was occasioned, and that had been the experience at the end of previous suspensions—as in 1817. When Italy and Austria determined—the one to throw off a paper money and the other to adopt a gold standard, a commercial transaction in gold occurred. Agreements were made with syndicates of bankers to supply a certain quantity of gold. This metal was moved, not in accordance with a true or natural condition of exchanges which demanded such a movement, but in obedience to an artificial need. Nothing but gold would suffice; bonds, bills, notes or merchandise would not settle the demand. The middle of 1894 found Austria still in the market for gold, although the imports had been heavy since 1890. The Austro-Hungarian bank had more than doubled its store of gold in 1892, and in December of that year touched the highest point—\$58,828,300. Between that date and May, 1894, the gold was reduced to \$50,000,000. Upwards of 76,000,000 florins in gold were required, and accordingly an agreement was made with the Rothschild syndicate. Whether such a demand could make itself appreciably felt in the United States, can hardly be proved; but it must have had an indirect influence, and it is in the United States that gold has been most readily obtained. The accu-



mulations in Russia have also been drawn upon by other nations, but show no such diminution as has fallen upon the United States.

Throughout Europe, on this showing, there was only one immediate demand for gold, and that was so small in amount as to have exerted no lasting if even a temporary pressure on the market. The exports from the United States in a single month would have met and satisfied it. The leading free market for gold in the world is London, and thither flow each week the supplies from Africa, Australia, Egypt and Continental Europe, and thence are sent supplies to South America, the East and the Cape, where gold is used in balances. The influx or efflux of gold in the Bank of England is the best gauge of the demand for or supply of available gold. The movement for the year has been:—

	IN.	OUT.	BALANCE.
1894. July—September.....	£2,105,000	£1,172,000	+ £ 933,000
October—December.....	588,000	4,626,000	— 4,038,000
1895. January—March .....	2,411,000	1,123,000	+ 1,288,000
March—June .....	2,993,000	604,000	+ 2,389,000
	<hr/> 8,097,000	<hr/> 7,525,000	<hr/> + 572,000

This does not give the true effect upon the bank, for there is a large internal movement to be considered. The par of exchange between London and Paris is 25.22½; with Germany 20.43, and with the United States 4.867. A fraction above these rates will bring gold to London, and a variation on the other side will take gold from London. In the six months July to December, 1894, the exchange in London on Berlin and Paris ruled low, and gold went to these centers; in the succeeding six months the rates ruled high, beginning with the month of February, 1895. The course of exchange with the United States can best be studied from the rates in New York on London. Before passing to this, attention may be called to the distribution of gold in the leading state banks in Europe, of especial interest as showing the remarkable accumulations.

BANK.	JUNE, 1894.	JANUARY, 1895.	JUNE, 1895.
	Dollars.	Dollars.	Dollars.
Bank of England .....	180,355,361	161,037,736	180,166,960
Bank of France .....	346,421,803	402,795,339	398,795,076
Austro-Hungarian .....	50,134,683	74,228,725	98,424,963
Imperial German .....	227,606,205	249,369,193	261,457,579
National, Belgium .....	22,454,031	26,074,707	21,310,404
Netherlands Bank .....	21,967,381	19,903,985	20,891,885
Bank of Spain .....	38,532,947	38,951,466	38,951,466
National, Italy .....	57,784,200	56,491,100	57,842,100
Russia .....	294,421,500	300,539,600	302,469,600

I have now shown that throughout Europe there was no condition calling for gold in such quantities as could exert pressure on the market and so act upon the exchanges; and further that gold was accumulating in European centers at a rate almost unequalled in the past, and apparently in defiance of a trade demand. No country has experienced trouble in securing gold, and even Chili, asserting its wish to take advantage of existing conditions to adopt a gold standard, offers a gold loan of about \$10,000,000, which is subscribed many times over. Only in the United States were to be met stress and anxiety, and most doleful predictions for the future. All this points to some local causes requiring a special remedy.

In any year the United States are indebted to Europe for a large sum that has been variously estimated from \$100,000,000 to \$350,000,000. This item is made up of freights, money taken by tourists, interest on foreign capital invested here, etc. Exactly what the amount is can hardly be determined, and many of the estimates are so loosely constructed as to merit no confidence in their accuracy. A recent and very intelligently framed estimate places this sum at \$145,700,000, and, on the evidence submitted, it is impossible not to believe it is the nearest approach yet made to solve the question. To pay this debt, commodities must be exported, or American securities given in settlement, or gold. With the great advantages offered in this country for investment of capital, it is not strange to find us indebted each year in a large sum to foreigners, or to find certain American securities obtaining a ready market in foreign money centers. Until 1892 it

was generally believed this aggregate of American securities in foreign hands was each year largely increasing, and after the costly experience English and German investors (and they only have ventured largely in American stocks and bonds) had had in South American and Eastern paper, it was natural for them to take their capital where the certainty of some return was greater. Towards the end of 1892, through 1893 and during the first half of 1894, large amounts of these securities were thrown back upon us, leading to depressed markets, a crisis, and a heavy indebtedness to Europe. The extent of the movement can not be measured, as there is no system by which this silent import and export of securities can be ascertained. To the usual debt due to Europe in 1893, was suddenly added a very large sum, supposed to be between \$200,000,000 and \$300,000,000, due for securities returned. This doubtless contributed to the exports of gold in 1893, but it could not have been of lasting influence; as confidence was soon in a measure restored, and American paper became once more acceptable in the European markets.

Coming in a period of unrest, such a demand added greatly to the anxieties and general distrust. As the crisis for which the beginnings were laid in 1878 was known to be impending, the foreigner would take no chances, but demanded gold; while the shrewd and far-sighted business man in the United States also recognized the danger of the situation, and looked to gold for safety. A double movement ensued. Gold was required on the one hand for export, and on the other for banking reserves and even personal hoarding. The banks, free and natural commercial agents, had the power to obtain the metal and to keep it; but the Treasury, under its load of paper obligations, could neither easily obtain the metal, nor could it retain what it did get in the face of a rising demand. Any holder of a legal tender note or of a Treasury note of 1890 (issued, be it remembered, for the purchase of silver bullion) could demand gold for it over the Treasury counter. These notes were collected in great quantities to be presented for "redemption" in a crisis.

The Treasury gold was thus the only stock which could be easily obtained for export or any other purpose. I have already pointed out the condition of this gold in June, 1894, and it only remains to follow the movement through the succeeding twelve months. The fluctuations in the stock speak more plainly of what was impending than can any words.

## GOLD IN THE TREASURY.

MONTHS.	Total gold in Treasury, coin and bullion.	Gold certificates in Treasury, cash.	Gold certificates in circulation.	Net gold in Treasury, coin and bullion.
<b>1894</b>				
July.....	120,922,836.41	103,470	65,947,229	54,975,607.41
August.....	120,885,869.49	34,730	65,668,969	55,216,900.49
September.....	123,665,756.92	55,260	64,790,439	58,875,317.92
October.....	125,613,895.73	56,280	64,252,069	61,361,826.73
November.....	164,350,468.01	751,370	58,925,899	105,424,569.01
December.....	139,606,354.05	58,960	53,361,909	86,244,445.05
<b>1895</b>				
January.....	97,353,776.27	337,060	52,647,809	44,705,967.27
February.....	138,593,280.14	80,100	51,507,769	87,085,511.14
March.....	139,486,496.08	84,660	48,843,189	90,463,307.08
April.....	139,998,153.35	63,640	48,751,009	91,247,144.35
May.....	147,690,977.53	102,390	48,539,569	99,151,408.53
June.....	155,893,931.46	88,390	48,381,569	107,512,362.46

Under a heavy demand and rapidly diminishing reserve the Treasury had no recourse but replenish its gold by a sale of bonds. It could only use the power conferred by an act passed nearly twenty years before—the act of January 14, 1875, when conditions were entirely different. Further, this act was a “resumption” measure, and the description of bonds was fixed in 1870—a quarter of a century ago, when the interest-bearing debt was \$2,046,455,722, of which \$1,765,317,422 were paying six per cent, and all but \$60,000,000 of what remained was at five per cent. Under this somewhat antiquated law the Secretary could sell at not less than par, for coin, a five per cent. bond, to run ten years; a four and a half per cent. bond, to run fifteen years; or a four per cent. bond the life of which was thirty years. For obvious reasons the short term bond promised the best results, and in February, 1894, the Treasury gold was replenished by a sale of \$50,000,000 in five per cent. bonds, at such a price as to



make them yield to the investor three per cent, and thus netted to the government \$58,661,000. The reserve now stood at \$106,527,068 (February), and at once began to flow out, as was to be expected in the spring. Instead of keeping within moderate bounds, however, the outflow grew rapidly, until in June every benefit of the loan had been lost, and the demand was still unsatisfied. Through July the drain continued, and on August 7th the Treasury could show only \$52,189,500 as a gold reserve. Fortunately a short spell of rest ensued, during which some gold was obtained from the banks in exchange for notes (the money needed to move the crops creating some demand for the more convenient paper), and other gold was received in payment of dues, so that in October the reserve had reached \$61,361,826. The future was unpromising, and it was only wisdom to repeat the loan of February. In November, 1894, \$50,000,000 of five per cent, bonds were offered, bid for three times over, and the price taken yielded \$58,538,500 to the Treasury.

The subsequent events were dramatic. In November, the gold reserve stood at \$105,424,569; in February, 1895, less than two months later, it had fallen to \$44,705,967. A veritable run on the stock had ensued, and less than half of what was taken was for export. The rising tide of an extreme silver agitation, and a remembrance of the very recent proof of want of confidence in the ability of government to protect its reserve, gave occasion to a belief that the crisis so long anticipated was at hand. Evidently it was useless to repeat the experiences of the February and November loans, necessary and judicious as these measures had been. It was doubtful if, in the conditions then existing, a further bond sale could be negotiated except at great disadvantage to the government. Certainly, there was no assurance that the gold would remain in the Treasury. Every circumstance pointed to the contrary. The export movement was heavy at the very time an import was to be looked for; exchanges were ruling against the United States, and in no two months had such heavy demands for gold been made on the Treasury. All this indicated an actual "panic," and every dollar of gold taken from the Treasury aggravated the crisis, and produced

a "moral" effect that was harmful to a degree. Congress was appealed to and the crisis fully explained, but refused to give any assistance; and the Treasury, struggling against a deficit, and apparently weakened beyond repair, was left to its own resources. In the darkest days of the civil war, the credit of the nation never received such a blow as threatened it in the first week of February, 1895.

A remarkable transaction, unequalled in my belief in financial history, was entered upon. On February 8th an agreement was concluded with a syndicate by which 3,500,000 ounces of gold were to be purchased by an issue of \$62,317,500 in "coin" bonds. As an ounce of gold was valued under this arrangement at \$17.80½, while the true value was \$18.60½, the difference represented the premium paid for the four per cent. bond, making the price of the bond 104.49. For the \$62,317,500 bonds issued gold to the value of \$65,117,500 was obtained. At least one-half of the gold was to be brought in from abroad, and the government reserved the right to substitute a three per cent. gold bond for the four-thirties—an operation which would save \$16,174,770 in interest. But the issue of a three per cent. bond required the authority of Congress; and as that body, with a wisdom that needs no characterization, refused to give the authority, the substitution could not be made. The original agreement therefore remained unchanged, and its merits must be determined and measured by the effects it produced upon the Treasury reserve and upon the public mind.

It may be stated at the outset that the task undertaken by the syndicate had more factors opposed to its success than were in its favor. The experiment was a novel one, and not since 1860 had any studied attempt been made to regulate foreign exchanges in such a manner as to prevent a movement of gold in itself natural and to all appearances inevitable. The getting of the gold was a simple business transaction; but the retention of it in the Treasury was a complex and tentative performance, having important political as well as economic features. The summer months would naturally call for an export of gold, as in many years past; and it was assured this export must fall upon the



Treasury holding. The excited condition of money circles, kept alive by the sudden disappearance of the proceeds of the bond sale of November, and made even more sensitive and fearsome by the attitude of Congress, was the greatest obstacle to success, for it had found expression in the rapid presentation of notes in unprecedented quantities for redemption in gold. It was necessary to allay the panic already in sight, and to so play upon exchanges as to render an export of gold unnecessary or of small amount. The Treasury was powerless to do either. The announcement of a sound financial policy was insufficient in the want of authority to act up to it. To urge such a policy upon Congress, only to be met with a flat refusal, was not calculated to restore confidence, for the deed impressed the people more than the will. As a department, the Treasury can act only with the law, and nothing was more clearly proven than the inefficacy of existing legislation to afford even a partial relief.

To call in such assistance as best promised to give relief was good policy, and has been justified by the results. What these results are may be summarized as follows: restoration of confidence, the Treasury reserve intact, and no exports of gold in spite of exchange rates that would permit them. On the first, there is little need of proof, as it is apparent on all sides. Of the second, the following table (p. 142) showing the "redemptions" for gold is conclusive, and proves the immediate effect produced by the February, 1895, negotiations. Let the summer months of 1895 be set against the summer months of 1894, and the altered situation become at once apparent.

Finally, as to the rate of exchange; although it has ruled high, little gold has gone out of the country. The markets have been well supplied with bills by the syndicate, whenever the export of gold was imminent, and the success attained in thus manipulating or regulating the exchanges points to a source of power hitherto regarded as among the impossibilities. In April, May, and June, 1894, the United States lost \$45,000,000 of gold; in the corresponding months of 1895, the country gained \$7,242,963. Before February the tendency of gold was from London to the Continent; and

REDEMPTIONS IN GOLD.<sup>1</sup>

	United States Notes.	Treasury Notes of 1890.	Total.	Exports of Gold.
<b>1894</b>				
January .....	\$ 118,841	\$ 237,515	\$ 356,356	\$ 1,279,437
February .....	10,982,624	8,210,730	19,193,354	3,209,317
March .....	2,266,426	1,194,766	3,461,192	4,020,633
April .....	6,072,042	1,594,085	7,666,127	11,723,771
May .....	25,131,412	1,409,670	26,541,082	27,406,801
June .....	20,708,492	1,461,401	22,169,893	23,280,220
6 months ....	65,279,837	14,108,167	79,388,004	70,920,179
July .....	13,367,864	555,511	13,923,375	14,230,201
August .....	4,209,853	531,560	4,741,413	5,118,051
September .....	636,031	300,487	936,518	237,477
October .....	2,542,719	505,171	3,047,890	1,082,814
November .....	7,085,133	714,614	7,799,747	428,213
December .....	30,819,622	1,087,599	31,907,221	9,802,389
6 months ....	58,661,222	3,694,942	62,356,164	30,899,745
<b>1895</b>				
January .....	43,415,283	1,702,455	45,117,738	25,929,828
February .....	4,784,907	776,045	5,560,952	1,565,194
March .....	809,495	279,590	1,089,085	3,126,094
April .....	733,525	284,046	1,017,571	2,893,610
May .....	734,747	431,725	1,166,472	1,585,071
June .....	644,621	401,345	1,045,966	131,641
6 months ....	51,122,578	3,875,206	54,997,784	35,231,438

to London from the United States; after that month the current was changed, the gold tended towards London from the Continent; but not from the United States. Was it more than a mere coincidence, and is it not reasonable to believe that the operations of the syndicate influenced the exchanges among the nations of Europe by its control of exchange in the United States? In the first six months of 1895 exchange on London has been more in favor of that center and against the United States than it had been in the corresponding months of 1894; yet there have been the small exports of \$75,000 in 1895 to London in the three months of March, April and May, 1895, against \$13,737,500 in the same months of 1894. Not a dollar of gold is recorded in these months of 1895 as going to France and Germany; but in 1894 France received \$14,200,000, and Germany \$26,600,000. Certainly such comparisons vindicate the policy of the government, prove the success of the syndicate, and,

<sup>1</sup> Prepared by Hon. D. N. Morgan, United States Treasurer.

when carefully studied, convey some idea of the novelty and magnitude of the experiment. The profits of the syndicate must be measured by the risks it assumed. Few were so bold in February to predict a successful issue; there should be few in July to carp at the agreement, or to cry out that any sum was too great to pay for the maintenance of national faith and the restoration of confidence.

## LONDON EXCHANGE ON NEW YORK.

January-June, 1895-1894.

January	4, 1895	5	for us.	January	5, 1894	1	agst. us.
"	11, "	5½	"	"	12, "	1¾	for us.
"	18, "	5½	"	"	19, "	1¾	"
"	25, "	5½	"	"	26, "	1¾	"
February	1, "	5½	"	February	2, "	1¾	"
"	8, "	3¼	"	"	9, "	2¾	"
"	15, "	3¼	"	"	16, "	2¾	"
"	22, "	3¼	"	"	23, "	4½	"
March	1, "	6	"	March	2, "	4½	"
"	8, "	6	"	"	9, "	5	"
"	15, "	6	"	"	16, "	5½	"
"	22, "	6	"	"	23, "	4¾	"
"	29, "	6¾	"	"	30, "	3¾	"
April	5, "	7¾	"	April	6, "	4½	"
"	12, "	5½	"	"	13, "	5	"
"	19, "	5½	"	"	20, "	4½	"
"	26, "	5½	"	"	27, "	5	"
May	3, "	5½	"	May	4, "	5	"
"	10, "	3	"	"	11, "	6	"
"	17, "	2¼	"	"	18, "	5	"
"	24, "	4	"	"	25, "	5	"
"	31, "	4	"	June	1, "	5	"
June	7, "	6½	"	"	8, "	5	"
"	14, "	6	"	"	15, "	5	"
"	21, "	6½	"	"	22, "	5	"
"	28, "	6½	"	"	29, "	4½	"

RATES OF EXCHANGE AT NEW YORK, AND NET MOVEMENT OF GOLD, JANUARY, 1894, TO  
JUNE, 1895.

MONTH.	GREAT BRITAIN.		FRANCE.		GERMANY.	
	Exchange on London.	Import (+) or export (-) of gold.	Exchange on Paris.	Import (+) and export (-) of gold.	Exchange on Frankfort.	Import (+) and export (-) of gold.
1894						
January	4.84 @ 4.85	+ \$338,547	5.20 @ 5.19 $\frac{3}{8}$	—	94 $\frac{3}{4}$ @ 94 $\frac{3}{4}$	+ \$ 88,237
February	4.85 $\frac{1}{2}$ @ 4.86	+ 202,522	5.19 $\frac{3}{8}$ @ 5.18 $\frac{3}{4}$	+ \$1,165,527	94 $\frac{3}{4}$ @ 95	+ 144,750
March	4.87 $\frac{1}{2}$ @ —	- 1,147,000	5.17 $\frac{1}{2}$ @ 5.16 $\frac{3}{8}$	- 863,585	95 $\frac{3}{4}$ @ 95 $\frac{1}{4}$	+ 149,204
April	4.87 $\frac{1}{2}$ @ 4.88	- 3,146,195	5.17 $\frac{1}{2}$ @ 5.16 $\frac{3}{8}$	- 5,103,539	95 $\frac{3}{4}$ @ 95 $\frac{3}{8}$	+ 2,200
May	4.88 @ 4.88 $\frac{1}{2}$	- 7,964,470	5.16 $\frac{3}{8}$ @ 5.16 $\frac{1}{4}$	- 296,496	94 $\frac{3}{8}$ @ 94 $\frac{1}{2}$	- 11,482,566
June	4.88 @ 4.88 $\frac{1}{2}$	- 1,611,800	5.16 $\frac{3}{8}$ @ 5.16 $\frac{1}{4}$	- 5,065,595	95 $\frac{3}{8}$ @ 95 $\frac{1}{2}$	- 13,984,499
July	4.87 $\frac{1}{2}$ @ 4.88	+ 46,910	5.17 $\frac{1}{2}$ @ 5.16 $\frac{3}{8}$	- 4,781,732	95 $\frac{3}{8}$ @ 95 $\frac{1}{8}$	- 4,958,112
August	4.88 @ 4.88 $\frac{1}{2}$	- 247,533	5.17 $\frac{1}{2}$ @ 5.16 $\frac{3}{8}$	- 3,485,000	95 $\frac{3}{8}$ @ 95 $\frac{1}{2}$	- 1,100,000
September	4.85 $\frac{1}{2}$ @ 4.86	—	5.19 $\frac{3}{8}$ @ 5.18 $\frac{3}{4}$	- 64,000	95 @ 95 $\frac{1}{8}$	—
October	4.86 $\frac{1}{2}$ @ 4.87 $\frac{1}{4}$	—	5.19 $\frac{3}{8}$ @ 5.18 $\frac{3}{4}$	+ 5,790	95 $\frac{1}{4}$ @ 95 $\frac{3}{8}$	+ 973,200
November	4.87 $\frac{1}{4}$ @ —	+ 973,300	5.17 $\frac{1}{2}$ @ 5.16 $\frac{3}{8}$	- 77,000	95 $\frac{1}{8}$ @ 95 $\frac{1}{2}$	+ 50
December	4.87 $\frac{1}{2}$ @ 4.88	+ 15,080	5.16 $\frac{3}{8}$ @ 5.16 $\frac{1}{4}$	- 7,283,000	95 $\frac{3}{8}$ @ 95 $\frac{1}{4}$	- 2,250,000
1895						
January	4.88 $\frac{1}{2}$ @ —	- 7,776,146	5.16 $\frac{3}{8}$ @ 5.16 $\frac{1}{4}$	- 10,504,563	95 $\frac{7}{8}$ @ 95 $\frac{1}{2}$	- 5,365,654
February	4.88 @ 4.89	+ 4,554,588	5.16 $\frac{1}{4}$ @ 5.15 $\frac{3}{8}$	- 851,358	95 $\frac{1}{2}$ @ 95 $\frac{3}{8}$	+ 56,742
March	4.88 @ 4.88 $\frac{1}{2}$	+ 3,128,974	5.17 $\frac{1}{2}$ @ 5.16 $\frac{3}{8}$	+ 2,289,185	95 $\frac{1}{4}$ @ 95 $\frac{1}{8}$	+ 987,910
April	4.88 $\frac{1}{2}$ @ 4.89 $\frac{1}{2}$	+ 898,300	5.16 $\frac{3}{8}$ @ —	+ 2,443,922	95 $\frac{1}{8}$ @ 95 $\frac{1}{4}$	+ 131,240
May	4.88 $\frac{1}{2}$ @ 4.89	+ 2,957,337	5.16 $\frac{3}{8}$ @ 5.16 $\frac{1}{4}$	+ 1,528,340	95 $\frac{1}{8}$ @ 95 $\frac{3}{8}$	—
June	4.89 @ —	+ 1,195,584	5.16 $\frac{1}{4}$ @ 5.15 $\frac{3}{8}$	—	—	+ 39

Rate of exchange is that for the first Friday of the month. The quotation on London is for "Prime bankers Sterling bills."

So far as the Treasury is in question, the problem has been solved only for a time, and it must again come up for a determination. The fear of silver excess is removed by the repeal of the purchase acts and by the waning of the silver movement. Agitation there will always be, at home and abroad, until some international agreement either "makes a place" for silver on some basis, or proves the impossibility of any general experiment in favor of that metal. One great source of anxiety has thus been set aside, and need not again be introduced, unless either party again "compromises" with silver. There remain other factors of mischief. So long as the business of issuing a credit paper circulation is performed by the government, and this has become by act of Congress and by decision of the Supreme Court a recognized part of the financial system, so long must a reserve be kept against that issue. It must further be a reserve far larger than any ordinary banking



concern carries, and even were it three times the present amount, it would still be too small for reasonable safety. Ricardo believed he had devised a circulation which would need only five per cent. in specie to preserve its credit and redeemability. The national banks are required by law to maintain a "reserve" equal to 25 per cent of their liabilities; but the Treasury finds one of nearly 29 per cent. unsatisfactory. In ordinary times the limit of Ricardo would be sufficient, for specie enters into the settlement of balances to an even less proportion than in his day; so the waste of keeping 29 per cent. is great, and, as it is now kept, constitutes a demand for gold by the side of which the demands of Europe are small and easily satisfied.

The amount of gold in the country was estimated to be on July 1, 1894, \$627,293,201, of which \$131,316,471 were in the Treasury; \$190,635,167 in the National banks, and \$305,341,563 in the private banks and in the hands of individuals. The banks may command what gold they wish, as they are free to so discount as to bring gold to them when needed. A private individual is also free to buy or sell gold according to his need, and it is safe to say his needs will not be large save in a period of uncertainty. But the Treasury has not this command over its gold; it is obliged to "redeem" on call its notes, and this process is anything but redemption. A demand note is paid in gold, and, instead of being cancelled as paid, retains its full quality as a demand note, and as such again enters into circulation to be again "redeemed" for gold. A legal tender or a Treasury note of 1890 is considered to be as good as gold, and is so just as far as the Treasury has gold to meet it. They are held by the banks as reserve, and, when a demand for gold arises, they are presented at the Treasury counters, as the experience of the last two years proves: the legal tender and Treasury note are thus a standing charge against the gold reserve. Both forms should be retired.

But if these government issues are to be continued, the Treasury should have ample power to maintain a reserve for redeeming them. No government is safe unless it has at command a revenue equal to the necessary and ordinary

expenditures, and as a corollary, a revenue that is sufficiently elastic to expand to meet an extraordinary demand, or to contract so as to take only what is needed from taxpayers. To leave it exposed to a condition approaching destitution, and to so jealously guard its borrowing power as to allow only a disadvantageous and usurious loan in a time of want, are surely outcomes of an inexperienced and shortsighted policy. Such had been the national revenues that "deficit" legislation has been an almost unknown element, and what laws were on the statute books had been framed to meet such conditions as resumption of specie payments, refunding of the debt, and paper certificates issued on specie reserves. After years of an overflowing Treasury, a deficit was created, almost intentionally it might seem, by destruction of revenue, and a reckless increase of expenditure. I have shown how the Treasury was obliged to have recourse to a bond issue framed in 1870; and the gold purchased in February, 1895, was under the authority of a law enacted in 1862, a year when the financial policy of the government offers much more for blame and severe criticism than for praise and imitation. In its necessity the Treasury cannot issue a temporary note—answering to the *exchequer bill* of Great Britain, or the *bons de trésor* of France—a convenient instrument of finance, and not capable of abuse where publicity of operations is as great as with the United States Treasury. Some such instrument should be placed at the disposition of the Treasury, and until a permanent system of financial management, better suited to the times, is devised.

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## AMERICAN POLITICAL PHILOSOPHY.

A SKETCH of American political philosophy, with the emphasis on the "American," must follow in its exordium the proverbial treatise on snakes in Ireland. There is no American political philosophy. This is unqualifiedly true if we understand by the term a comprehensive and clearly formulated system of principles touching the nature, functions and end of the state, and a system which is distinguished from all others by revealing in its elements the dominating influence of American characteristics and institutions. But the statement is not true in the sense that no American thinker has formulated a more or less complete theory of the state. And it is not true in the sense that American political development has proceeded without reference to underlying general principles which have been more or less clearly in the consciousness of the statesmen who have guided it. These particulars in which the opening statement is not true give the opportunity for this article. It is my purpose to indicate in a very general way the character and source of the philosophical principles that are to be found in our formal political literature.

The material to be dealt with is not impressive in respect to quantity. The American mind is practical rather than speculative—a trait which is inherited from England and might be traced, I dare say, to that prolific source of political virtues, the forests of Schleswig-Holstein. While the birth and growth of our nation have certainly not been destitute of complicated problems, these have been solved in most cases with far more regard to temporary expediency than to *a priori* principle. Our political literature, therefore, while unquestionably voluminous, is a literature of concrete controversy rather than of abstract speculation. That part of it which immediately concerns our present subject stands in about the same ratio to the total as Jefferson's generalities about rights bear to the specific charges against King George in the Declaration of Independence.

With colonial thought we have no need to concern ourselves at length. It certainly does not reveal a peculiarly American system of philosophy. The ideas of natural rights, the social contract, popular sovereignty, and representative government, which were the staple of political theory in the colonies, were but the familiar doctrines of the Puritan revolution in England or of Locke's apology for the overturn of 1688. In the debates that immediately preceded independence these principles were the starting point of English as well as of colonial argument. They were indeed almost universally recognized postulates of political philosophy in Western Europe at that date, and were accepted as self-evident truths by those who drew from them diametrically opposite conclusions on practical questions. Blackstone was made a knight by George III. for a work which set forth the same doctrine on the origin and end of the state that Jefferson employed in declaring to that monarch the loss of half his empire. The time is not so distant when the American's patriotism was at once under suspicion who doubted that Jefferson was the original discoverer of the sublime truth that all men are created equal. Our mature wisdom must recognize that every philosopher of the eighteenth century may well dispute his claim, to say nothing of the Roman imperial jurist, who expressed the same idea in almost identical language some 1500 years earlier.

But if novelty cannot be predicated of the philosophy that preceded independence and that ushered in our national life, no more does it characterize the ultimate principles that guided the framing of the constitution. As to the origin of this instrument, the two most famous views are rather antagonistic. One assumes that once upon a time the people of the United States said one to another: "Let us frame a marvelous constitution." And the result was "the most wonderful work ever struck off at a given time by the brain and purpose of man." This may be called, perhaps, the hysterical view as to the origin and character of our present system. The other sets forth the constitution as extorted from "the grinding necessities of a reluctant people." This may be called, I think, the historical view. Now it could



hardly be expected that the difficult outcome of a critical emergency would consistently express a new and profound philosophy. The theoretical political science that appears in the constitution consists only of principles that had long ago been familiar. And the same is true of the greatest exposition of the constitution—the *Federalist*. The principles here laid down as to the end of government, the source of authority, the separation of powers, the guarantees of liberty, are but the commonplaces of eighteenth century political science. I think it is a mistake to represent the latter work as an important contribution to political philosophy. In this field, pure and simple, it has little to engage the attention. It is really an advocate's plea on a definite practical issue, and has about the same significance for abstract politics as the discussion of a tariff bill in committee has for abstract economics.

The first two decades under the constitution are notable for little more than the definition and distinction of the two currents of thought which are most clearly represented by Jefferson and Hamilton; and neither of these men, however well identified they may have been with special schools, put on record any systematic philosophy. It is to be gathered from the scattered passages in their works, just as from their practical political lives, that the one favored the *a priori* liberalism of the French Revolution, while the other tended strongly to the empirical liberalism of its English adversaries. The personal and the political antipathies of the two men had a common cause in their respective temperaments. Jefferson was by his nature the man of speculation; Hamilton was the man of action. The abstract principles which both alike maintained in the early days of the revolution remained the basis of Jefferson's politics to the end of his life, but were dropped by Hamilton when the practical questions of the day changed character. Jefferson carried the individualistic conception of government to even greater extremes as the years went on, and seriously propounded the doctrine that liberty could only be preserved by a revolution about once in twenty years. Hamilton, who, in his youthful tilt with the Westchester Farmer, had been

equipped with the full arsenal of social-contract and natural-rights doctrines, became in his mature years the unyielding champion of governmental authority to any extent that would insure the conditions of social life—peace and order.

The immediate outcome of the conflict between Hamiltonism and Jeffersonism was the ostensible triumph of the latter. For half a century whatever speculation there was ran almost exclusively in ultra-individualistic channels—a course that the democratic conditions of social life in the growing country rendered inevitable. But on the governmental, as distinct from the broader social side, the Jeffersonian school became identified with a body of doctrine which in each successive decade became more and more irreconcilable with objective conditions. The constitutional dogma of State sovereignty developed side by side with the growth in territory and population and the increase in means of communication which made steadily for nationalism. One of the most interesting points in the history of American thought is the transition from the contract theory of society to the contract theory of our constitution, and from democracy as a dogma of universal philosophy to democracy as a party creed. The systematic foundation for this confusion is laid in Tucker's *Blackstone*,<sup>1</sup> published at the beginning of the century. The crude and confused social contract philosophy of the English commentator is adopted in its entirety by the American, who then, without the slightest apparent consciousness of any weakness in his chain of reasoning, applies the whole doctrine to the formation of the union by the several States. With the American commonwealth thus put on a precise analogy with the individual in abstract philosophy, State rights became endowed with all the supposed sanctity of man's so-called natural rights.

It was not on the sinking sand of such analogical argument that the most famous defender of State sovereignty rested for support. John C. Calhoun cast aside with contempt the whole doctrinal paraphernalia of the social-

<sup>1</sup> *Blackstone's Commentaries*, with notes of reference to the Constitution and Laws of the United States and of Virginia. By St. George Tucker. Philadelphia, 1803. 5 vols.

contract and natural-rights school. The social life was to him the natural life of man, and a definite embodiment of ultimate authority was the essential mark of a State. On the indefeasible sovereignty of a community autonomously organized he based his whole broad philosophy as well as his constitutional argument on the special issue in the United States. Calhoun's *Disquisition on Government*<sup>1</sup> is in some respects the most original and the most profound political essay in American literature. It is by no means a complete philosophy of the state; nor is its relation to the concrete issues of the day much disguised; but it penetrates to the very roots of all political and social activity, and presents, if it does not satisfactorily solve, the ultimate intellectual problems in this phase of human existence.

Calhoun's great antagonist, Webster, hardly falls within the field of this paper. He was a lawyer and a statesman, but hardly a philosopher. He stood for the principle of national unity—which was an idea of the future in our history; and he was, therefore, under something of a disadvantage in debate with Calhoun, who stood for State sovereignty, which had been a realized idea in the past. The case that Webster made was inadequate from the very fact that his reasoning followed more the narrow ways of legal precedent than the broader paths of rational speculation; and precedent could be used against him.

It was while the great political and social questions with which Calhoun and Webster were concerned were in agitation that Lieber wrote and published his *Political Ethics*.<sup>2</sup> This was something nearer to systematic political science than America had known before; and the influence of the work, by the mere fact of its monopoly of the field, was very great. Lieber's instinct led him to present political science from just that point of view which appealed most strongly to the American thought of the day—the point of contact, namely, between ethics and politics. His work is in fact

<sup>1</sup> Edited by Cralle, Columbia, S. C., 1851. Also in Calhoun's Works, N. Y., 1853-55.

<sup>2</sup> Edited by Woolsey, Philadelphia, Lippincott & Co., 1875. 2 vols.



rather more ethical than political. The philosophy it embodies, however, is not distinguishable from the system of *Naturrechtslehre* which was playing so great a part in the contemporary liberalism of central Europe. It was individualistic, like the French and English revolutionary doctrine, but it found its embodiment of ultimate natural rights not in primitive man, but in the philosophical ideal of highly civilized man. Lieber's historical learning saved him from the most extreme and often absurd conclusions of the school with which he was identified; but his erudition itself brought confusion into the presentation of his ideas. It is a serious task to follow his system through the mass of illustrations and digressions in which it is imbedded.

Lieber's influence,<sup>1</sup> or better, perhaps, the influence of the German thought of which he was a representative, gives the tone to the work of his editor and admirer, Woolsey.<sup>2</sup> The latter, however, manifests a strain of Christian theology at the foundation of his thought that is quite foreign to the pure rationalism of the earlier writer.

Woolsey's work was inspired by the great struggle through which nationalism was impressed finally upon our constitutional system. The tremendous events of our history between 1860 and 1877 gave as great a stimulus to theory as to the art of the practical statesman. But here again the theoretical literature consists mainly of attempts to find an ultimate rational basis for the solution of some particular living issue, rather of comprehensive philosophizing. And here again the dogmas of European systems furnish the starting point for our writers. Thus Hurd, in his *Theory of our National Existence*,<sup>3</sup> applies the principles and methods of the English analytical jurists to the solution of the vexed question of sovereignty in our constitution. He insists that objective fact must be the basis of all specu-

<sup>1</sup> Lieber, Francis, *Miscellaneous Writings*, Phila., 1881; *Legal and Political Hermeneutics*, Boston, 1839; *Manual of Political Ethics*, Boston, 1838-9; *On Civil Liberty and Self-Government*, Phila., 1859.

<sup>2</sup> Woolsey, Theodore D., *Political Science*, New York, 1878.

<sup>3</sup> Boston, 1881.



lation; but his "facts" prove to be not less debatable than what others call theories. Hurd's work gives a distinctly juristic turn to the discussion of our system, and leaves far to one side all ethical and theological considerations. Draper's *History of the American Civil War*<sup>1</sup> likewise abandons the latter field, and, following Buckle, gives chief prominence to the working of material and physical forces, which minimize the influence of the human will. On the other hand, Brownson, in his work on *The American Republic*,<sup>2</sup> which I think worthy of far more attention than it nowadays receives, proceeds from the moral and religious nature of man. But as distinct from the Puritan conceptions with which American literature is filled, Brownson presents the faith of a devoted Roman Catholic, and very skillfully derives from the dogmas of the ancient church and the doctrines of the fathers the principles on which American democracy and national unity may safely rest. Like Brownson in the employment of moral and religious premises, but as different as can be conceived in methods and conclusions, is Mulford, in that curious work called *The Nation*.<sup>3</sup> The possibilities of German abstract speculation are here presented in their completeness. In the full spirit of Hegel and Stahl, Mulford soars off into the empyrean, and, with scarcely a hint that the world of hard actualities has ever existed, revels amid the vague and mystic ideals of his intellectual exaltation. By the "nation" he means what others call the state, and his conjectural purpose is to inculcate the importance of the national idea. But his thought is dreaming and his method is rhapsody; and, save for minds of a like fabric with his own, his work can have only the weird and benumbing effect of the Apocalypse of St. John.

The ideas of J. A. Jameson, as embodied in his *Constitutional Convention*,<sup>4</sup> and in later occasional writings, while

<sup>1</sup> New York, Harper & Brothers, 1867. 3 vols.

<sup>2</sup> New York, P. O'Shea, 1866.

<sup>3</sup> New York, Hurd & Houghton, 1870. Second ed., 1877.

<sup>4</sup> New York, 1867.

predominantly of a juristic type, manifest a broader historical and philosophical spirit that gives an especially substantial character to his conceptions of sovereignty and nationality. The historical method received a great impulse from the controversies on the character of our constitution, and in the recent work of Prof. J. W. Burgess, *Political Science and Comparative Constitutional Law*,<sup>1</sup> the results of this method, applied by a mind of juristic bent and German training, are exhibited in a theory of sovereignty and liberty which I think is destined to have great influence both in America and abroad. The line of speculation on which Burgess has worked has led to the most desirable results in clarifying the conception of sovereignty. An analysis of the different senses in which this fundamental term is used has, in the first place, distinctly defined the field of political science, and, in the second place, has given to the rising science of sociology the opportunity to take over into its jurisdiction a number of topics pertaining to the character of society, which have always confused and embarrassed the discussion of the state.

These results of Burgess's work are distinctly traceable to the peculiarities of the American political system, both in origin and later development. Perhaps, then, we are actually or approximately in the presence of a political philosophy that is American in respect to both the thought and the thinker. Whether this is a desirable position may be open to question. The history of political philosophy is not reassuring at this point. Aristotle's *Politics*, the magnificent product of the Hellenic political system, was written just as that system was passing finally away. The work in which Polybius glorified the constitution of republican Rome as embodying all the elements of ultimate and permanent political science, was written less than half a century before the birth of Julius Cæsar. Thomas Aquinas formulated the grand philosophical system of a universal theocracy under the Pope about seventy-five years before the papacy became an humble adjunct of the French monarchy. Dante's elaborate and conclusive argument for universal monarchy under

<sup>1</sup> Boston, 1890-1.

the German Emperor was, as Bryce has finely said, an epitaph instead of a prophecy. Without multiplying instances, it seems as if the exaltation of the principles of a particular system into doctrines of universal philosophy only sounds the knell of the system. If this be true, we may have as good ground for rejoicing as for regret that no distinctively American political philosophy has yet appeared.

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## MISUNDERSTANDINGS ABOUT ECONOMIC TERMS.

**I**T is surprising to find how large a part of the economic controversies which rage most violently are the result of imperfect definition. They are not the consequence of holding different views on the same subject, but of using the same name for different subjects. The good old rule that you should be sure what you are talking about before you talk about it is not always observed in economic discussion.

This difficulty meets us at the very outset. Economics, or Political Economy, is defined as the Science of Wealth. This definition is defective, because the term wealth is an ambiguous one. It is not true, as Mill says, that "every one has a notion, sufficiently correct for common purposes, of what is meant by wealth." The word has two quite distinct meanings. In its broad or social sense it includes all of those objects whose possession contributes to the enjoyment or well-being of society. Abundance of fertile land, supplies of food, water, fuel, clothing, and other comforts available for the use of those who need them, buildings, machinery, means of transportation and commerce, constitute some of the chief elements of national wealth. The services which art and science enable men to render one another should also be included. It is impossible to obtain any accurate measure of wealth in this broad sense, or even to say exactly what articles should be included in the estimate of such wealth. We can often tell whether a nation has increased in the amount of comforts available for its members, but we cannot arrange a census which shall represent such an increase by figures. The attempt to measure social wealth in money is always misleading.

Wealth in its narrow or individual sense consists of rights to part of the social wealth. Money, notes, securities, and other valuable rights are included in any estimate of individual wealth, along with the buildings, machinery, clothing, food and other articles of use which a man owns. It is the



ownership, and the power attaching to such ownership, which is the salient feature in individual wealth. The term in this sense is applied chiefly to those objects, or rights to objects, which command a price,—that is, which their possessor can exchange for articles or services of other members of the community. In this sense, each individual can and does measure his wealth more or less accurately by comparing it with that of others in terms of money. Individual wealth is more accurately designated as property. We may illustrate the distinction between social wealth and individual property by saying that wealth is produced, while property is acquired.

In any well ordered community the acquisition of property is as a rule attended with increased production of wealth, and the loss of property with destruction or diminution of wealth. But such is not always the case. One or two illustrations will serve to make the distinction clear. Under the English system of enclosures, land which had formerly been free to all the public to use was made the subject of private ownership. By this practice we had an increase of property. The landlords now had valuable rights which could be bought or sold—rights of a kind that did not exist before—, but the wealth of the community, for the moment, was not one whit increased. There were no more means of enjoyment in existence than there had been before. There was acquisition of property without production of wealth. On the other hand, in the abolition of slavery we sometimes see a nullification of property without a destruction of wealth. For the moment, at any rate, the abolition of slavery means a sweeping away of exchangeable wealth of individuals. A system of compensation to the owners, though it may shift the burden, cannot annul the loss. Yet such a loss is simply a destruction of titles and transferable rights, not of means of happiness. The wealth of the community, judged by national standards, is as great after abolition as it was before. An even more conspicuous instance, where the nullification of property and increase of wealth went hand in hand, was seen in the establishment of water-works in the city of Venice. Formerly water was so scarce

that it commanded a price, and a good well was a source of considerable individual wealth to its possessor. When an abundant supply was furnished at slight cost, the commercial character of the water changed, and it could under all ordinary circumstances be had for nothing. But the very abundance of water, which makes it commercially worth nothing, is an element of national wealth; and the scarcity that makes it a valuable article of property, represents a loss to national wealth.

Most of the improvements in the arts which have increased production and consumption have had their chief beneficial effect not on the property of any class, but upon the general wealth of the nation, which cannot be measured in money. If an improvement enables the same number of laborers to produce twice the amount of useful products, it may happen that the price of each product will fall one-half. In this case there is no apparent gain in individual wealth; but if the article is a really useful one, there is a great gain in national wealth and national power.

Of the practical fallacies arising from the confusion of property and wealth, the most palpable is that of the cheap-money man. He sees that if he has more money he is richer, and concludes that if the government issues more money the whole nation will be the richer. An extreme instance of this confusion is illustrated by the story of the Irish orator who said that the Bank of England was such a wicked institution that his hearers ought to burn its notes wherever they found them.

An almost equally prevalent fallacy is that which is used by both laborers and capitalists in measuring the effect of improvements in the arts. There has been a doubling or trebling of efficiency of labor. The laborer sees that his wages have increased but slightly; he concludes that the capitalist has appropriated the whole. The capitalist sees that his profits have increased in but small proportion to the increase in efficiency; he, therefore, concludes that the laborer is the residual claimant. In point of fact most of the gain is not a money gain at all, but a gain in quantity consumed by the nation. To know whether laborer or capitalist



is the chief beneficiary of this gain, we must know whether the products of modern methods in industry are chiefly increasing the consumption of the laborer or of the capitalist.

A third fallacy, and a more subtle one, runs through the work of the political economists of the 17th and early part of the 18th centuries, and has by no means lost its hold at the present day.

The theories of that time constitute what is known as the *mercantile system* of political economy, because they involve the idea that a nation should strive to make money in the same manner as an individual merchant. Just as a prudent individual so manages his affairs as to produce more than he consumes and make money by the excess of his sales over his purchases, it was thought that a prudent statesman should so manage the affairs of the nation as to make it produce more than it consumes, and export more than it imports. It was considered by many that this excess of exports over imports constituted an index of national prosperity and the true measure of the increase of national wealth. Just as the money which an individual has made represents his power of industrial control over other individuals, it was thought that the money which a nation had thus saved represented its power of control over other nations. In fact, no small part of the commercial legislation of all countries has been formed under the influence of these ideas. The error of the mercantile system was pointed out by a school of French economists known as physiocrats, because they laid stress on the powers of nature as the source of national prosperity and national wealth. These economists pointed out that the true source of national power lay, not in the supply of gold or silver, but in the supply of food; not in the power to command other nations' labor, but in the power to develop its own labor. A nation might be prosperous with very little money per capita. This would simply result in a lower scale of prices. But with little food per capita great misery and industrial inefficiency must inevitably follow. Instead of encouraging manufactures, as the mercantile school had done, they were led relatively to undervalue them. No manufacture, they said, could exist except on the basis of a

surplus of food produced by the agricultural laborers, and the real cost, not to say the real worth, of every manufacture was represented by the amount of food consumption which it represented. Food was, therefore, the true measure of wealth, no less than the true source of national prosperity.

A further advance was made by the great Scotch thinker, Adam Smith, whose work on the wealth of nations, published in 1776, is usually regarded as the starting point of modern political economy. He agreed with the physiocrats in thinking that the wealth of a nation was not measured by its money, but by its total production of useful goods. At the same time, he appreciated more clearly than they did the importance of well-directed labor as a means of producing those goods and rendering the natural resources of the country available. As the title of his book indicates, he set forth clearly the distinction between national wealth and individual wealth. But he did far more than this. He showed that there was a relation as well as a distinction; that the attempt to secure individual property was a powerful incentive to the increase of national wealth, and that the actions of men in their pursuit of the attempt to make money were a means of serving others even when they had no intention or consciousness of so doing. Modern economists have followed in the lines laid down by Adam Smith. Their inquiry into the causes of the wealth of nations has connected itself with an inquiry into the results of the property of individuals and the motives connected with it. The free exercise of individual desire for property has been found to be conducive to national prosperity in a number of cases where such a result would have seemed at first sight impossible.

The perception of this relation between the acquisition of property and the production of wealth has led to several different consequences. In the first place, it has led to a different attitude of the public mind toward trade. In ancient times it was regarded as a fight between buyer and seller; to-day it is looked at as a means of mutual service. To the mediæval economist the business man was a licensed robber; to the modern economist he is a public benefactor.

Five hundred years ago it was thought a man could only make money either by buying goods for less than they were worth, or by selling them for more than they were worth; that each business transaction involved the temptation to cheat, and that, if a man was successful in business, it showed that that temptation had been too much for him. To-day we believe that money is made on a large scale by doing the public a service. If a man's goods command a high price, we assume that he has met an actual need. If the price furnishes him a large margin of profit, we believe that he has so organized the labor of the community as to diminish not only his own expenses but the actual labor cost of producing them. So confident are we of the substantial identity of interest between the business man and the community as a whole, that we give our capitalists the freest chance to direct the productive forces of society to their own individual profit. Even the mistakes of individual enterprise may prove a means of progress to society, since they show at comparatively small cost what is to be avoided in the future.

A second result is a change in the attitude of economists toward state interference. When people thought that every business man was trying to serve himself at the expense of the community, a large number of restrictions of all kinds were brought into play. The commercial legislation of past centuries had been a mass of such restrictions. Adam Smith and his successors showed that the bulk of this legislation had a very different effect from what was intended. Instead of preventing extortion, it prevented mutual service. Instead of enabling the nation as a whole to make money, it interfered with the development of its resources and the wise application of its labor. To so great an extent were the economists able to point out the evil results of mistaken legislation, that in the popular mind the teaching of economics was synonymous with the effort to reduce the activity of government to a minimum.

In so doing they taught people to avoid the prevalent fallacy that national wealth, in order to be made available for the nation, must be made public property. The two



conceptions of national wealth and public property, though often confused in the popular mind, really have little in common. Public property is the sum of proprietary rights over parts of the national wealth exercised by agents of the government, while private property is the sum of such rights exercised by individuals and their agents. Whether public property or private property will in a particular case be managed more advantageously to the nation as a whole, can only be decided by examining the circumstances of the case. If the agents of the government are disinterested and wise, the public property may be managed better than private property; if they are not disinterested and wise, it will probably be managed worse. The "nationalization" of a piece of property does not necessarily increase the wealth of the nation in the least.

But, in avoiding this error, many economists unconsciously fell into the opposite one of assuming that private property would necessarily be managed in the public interest, and of treating the increase of such property as a good in itself, instead of a means to national good. So far as the criticisms of the socialists on the individualists are well founded, they are based on a confusion of this kind, from which the exponents of the "economic harmonies" are by no means wholly free.

The current division of political economy into the heads of production, distribution, exchange and consumption of wealth seems to show evidence of this confusion. Production and consumption are terms which properly apply to social wealth; exchange and distribution to individual wealth. The things are produced and consumed; the rights to those things are exchanged and distributed. As a result, the divisions overlap and involve loss rather than gain in clearness. Marshall has avoided this error, by treating production in connection with supply, consumption in connection with demand, and thus making each contribute its own part to a general theory of exchange based on supply and demand; an arrangement that has great advantages.

On account of the mistakes of a few economists in confusing social and individual wealth, socialistic critics are

frequently led to charge the economists as a body with glorifying the pursuit of wealth and making it the chief end of man. This is exactly the reverse of the truth. The economist views the pursuit of individual wealth, not as an end, but as a means to the general well-being of society. He shows that the effort to make money is a most powerful incentive to work in the service of the community—in fact the most powerful incentive the world has yet known; and that, within certain limits, the commercial success or failure of an enterprise is dependent upon the question whether the community needs it. To this extent he may be said to glorify the pursuit of wealth, in showing that it is a means of mutual service, instead of mutual robbery, an honorable ambition instead of a base one. But in thus elevating it to its proper place in the social order, he also reduces it to its proper place. By understanding the uses of the commercial system, he is able the more effectively to criticise its abuses. The day is past, if ever there was one, when indiscriminate condemnation of business methods and business ambition can be effective. The moralist who tries to show that money-getting is a mean thing overshoots the mark. His own acts, in his daily life, are usually enough to convict him of inconsistency. The economist, on the other hand, in pointing out the reasons why modern business methods are approved by society puts himself in a position to condemn those methods when they are carried to a point where they cease to be of social service and violate instead of furthering the purposes which have justified their existence.

This ambiguity is not confined to wealth. There is a similar double sense to many other fundamental terms in economics. The word capital,<sup>1</sup> for instance, in its social sense means wealth used for producing more wealth. Such capital consists of food used for the support of the laborers, raw materials more or less completely worked up, machinery, means of transportation, and instruments of exchange.

<sup>1</sup> George, after making a correct distinction between the two senses of wealth, and enforcing it in his usual brilliant style, proceeds to reintroduce the old confusion by defining capital as [social] wealth in course of exchange.

It is impossible to say just what objects are capital and what are not. It is very far from being possible to form an accurate valuation of the amount of such capital in money. On the other hand, the capital of an individual is property used for acquiring more property. It is more accurately designated as an investment. We can tell substantially what things each individual is using as capital, and can estimate their money value very closely. Just as the acquisition of property is usually attended with the production of wealth, so the investment of property is usually attended with increased use of capital. But there may be cases where one takes place without the other. The burglar's outfit or the roulette table of the gamester may be regarded as an investment. It is property used for acquiring more property; but it certainly is not wealth used for producing more wealth. On the other hand, the pioneer in science often adds greatly to the wealth of the country by the use which he makes of existing wealth; but it is very rare he increases his property in so doing, or even makes the attempt to acquire property a dominant motive in directing his action.

A historic instance of the result of confusing the two senses of the word capital, and of believing that social capital is in general the sum of individual capitals, is furnished by the wage-fund theory. The advocates of this theory see that a payment of wages as an individual transaction is an investment of individual capital; that the sum of such transactions represents the total amount of wage-payment; and they, therefore, conclude that the social capital available for the support of the laborer constitutes a wage-fund which determines the actual amount of real wages. The errors of this theory, which have been so clearly pointed out by its critics, all result from the fact that the social capital is not the aggregate or sum of individual investment, but a concept of a different kind, measured in a wholly different way.

This separation of the two senses of capital is made by some who from want of right names fail to appreciate all of its bearings. Both Clark and Marx speak of capital as a permanent thing, independent of the transmuted and chang-



ing goods of which it is at each moment composed. But Clark regards this as permanently productive and its increase as normal and natural; while Marx regards it an unproductive dead weight whose increase is a spoliation of the laborer. But what is this thing which is permanent while the goods change? It is nothing else than a title to property in process of industrial transmutation; a title which carries with it the control and direction of the process. Whether the existence of this title increases the production of the community depends on the wisdom with which the control is exercised. It is not necessarily productive as held by Clark, nor necessarily unproductive as held by Marx. It is more likely to be productive than not, because our industrial arrangements are such that men who fail to use their capital for things the community needs, lose money, and are eliminated from control of the next period of productiveness. But this process is by no means so perfect as it might be.

There are two senses of the word cost, corresponding to those of wealth and capital. Cost in its social sense is the pain involved in the production of social wealth. In this sense it is probably even less definite or measurable than social wealth or social capital. What is pain to one man may be pleasure to another. Cost in the individual sense is property or other similar rights parted with for the sake of acquiring other property or rights. In this sense it is more properly designated as expense, and is habitually measured in money.<sup>1</sup>

The cost of an article, in the individual sense—that is, the expense of acquiring a title to it—is obviously its price. What shall we call the social cost of producing such an article? There has been a tendency in many quarters, from Aristotle downward, to call this the value. But if we look at the matter from the other side, and consider not the price

<sup>1</sup>What is called by some economists "opportunity cost" as distinct from labor cost, seems to be really an element of expense rather than of social cost. It is connected with the remuneration which a man can command in process of exchange or distribution, rather than with the pain and pleasure of production and consumption.

which is paid by the buyer, but that which is received by the seller, we find an equally strong tendency to base values upon the enjoyment connected with the price received instead of the pain connected with the price paid. How shall we decide between these two contradictory senses of the word value, both in some measure justified by usage and by reason?

Let us first look at the distinction between price and value in their various senses, not as defined in the books, but as used in the world at large—unconsciously used also by the very writers who define the distinction in an arbitrary manner of their own. We find that where we speak of an actual transaction we generally use the term price, while in passing judgment on what is probable or desirable we use the term value. A price is a fact; a value is an estimate of what a price ought to be.

The word value is used in a number of wholly different meanings, but this idea of a permanent standard or cause of price, as distinguished from a temporary or accidental phenomenon, lies at the basis of them all. Sometimes value is used in the sense of utility—for instance, when I say that an article has a value to me out of all proportion to the amount for which it would sell.<sup>1</sup> Sometimes it means purchasing power in the abstract, as distinct from concrete measures of this power; for instance, when I say that an article has value, though I do not know just what its price may be. Sometimes it means purchasing power measured in commodities instead of in money. In countries with a paper currency there is frequent occasion for using the word in this sense. If the currency is doubled by act of the legislature, the prices of goods, measured in this currency, will tend to double also; but we are justified in saying that there is no increase of real value corresponding to this change in nominal price. Sometimes the term value means average probable price. If I say that New York Central stock is selling below its true value, I simply mean that in the long run it is in my opinion likely to command a higher price than it does

<sup>1</sup> An estimate of this kind is sometimes called *subjective* value. But it is better to use the name utility to avoid the confusion which would otherwise arise.

now. Finally, it often means a proper and legitimate price, as distinct from an unfair or extortionate one. The last is much the commonest and most important sense of the word. In this sense, the substantive value corresponds exactly to the adjective worth. If we say that a man is charging a higher price for an article than it is worth, we mean that he is putting the buyer at an unfair disadvantage.

The price of an article or service in the ordinary commercial sense is the amount of money which is paid, asked or offered for it. The value of an article or service is the amount of money which may properly be paid, asked, or offered for it. We have histories of price and theories of value.

Value being essentially an estimate, we may have as many different theories of value as there are different views of business ethics. But these views fall under two main heads; the commercial or competitive theory, which bases value upon what the buyer is willing and able to offer for an article, and the socialistic theory, which bases it upon what the article has cost the seller in the way of toil and sacrifice.

When we have grasped this ethical character of the controversy, we seize more clearly upon the points which are essential to the adjudication of that controversy. The question between the two parties is not primarily one of fact, but of advisability; not what necessarily determines value, but what kind of a price we shall stamp with our approval by calling it a value. The commercial theory is that the value of an article is the price which it would command under a system of free and open competition as distinct from one which is the result of special bargaining or fraudulent concealment.<sup>1</sup> In this sense, the market price represents the temporary value of an article, and the normal price represents its permanent value. The advocates of the commercial theory hold that competition serves the economic interests of society so well, that the first rule of business morals is to

<sup>1</sup> The "Austrian" theory of value is more properly an explanation of prices. So far as it is a theory of value as distinct from price, it points out what people ought to charge if they carried out the idea of the existing competitive system to their logical conclusion more completely than they do at present.



conform to this system ; and that the demands of commercial justice are generally satisfied by a schedule of prices made under the influence of fair and open competition as allowed and encouraged by the common law of England and America.

From this view of commercial justice the socialistic theory dissents. The advocates of the socialistic theory say that, whatever the effects of competition may be upon society as a whole, its relative effects upon different individuals are extremely unfair. Many of those who do the most disagreeable work have the least enjoyment to show for it. This the socialists hold to be contrary to the principles of popular government, or of enlightened government of any kind. In criticising the results of free competition, they emphasize the fact that the adjustment of price to expense of production is extremely imperfect ; and they add that the expense of production as measured in money is a very different thing from the *cost* of production, measured in the labors and sacrifices of the producers. They hold that this last method of measurement furnishes the only just standard of value ; that the value of an article *is* the labor expended upon it ; that trade involves an effort to buy goods for less than their value and to sell them for more than their value ; that the profits of traders and capitalists of every kind represent money unfairly extorted from consumers or withheld from producers ; and that society must employ some organized means to prevent this extortion and not let the trader take advantage of his power to fix prices to suit himself.

That there is an obvious unfairness in the returns under the existing commercial system of payment may readily be granted. None but the blindest optimist will deny that many of the men who do the most disagreeable work have the least comfort to show for it. The socialists are justified in asserting that there is an inconsistency between our political doctrine of equal rights to the pursuit of happiness for everybody, and the facts of the industrial world as we see them about us. But when they come to formulate a positive theory or standard of value, they give us something which if carried into practice would be far more inconsistent with the

political doctrines of a free commonwealth or the chances of happiness for its citizens.

If we attempt to reward every one according to his labors we are at once brought face to face with the danger that people will make the wrong things. Give free choice of occupation under this system and we should at once have an overplus of painters and musicians, with a deficiency of farmers and mechanics. It would be necessary for the government authorities to regulate the number who should engage in each occupation—a method which would be subject to the gravest industrial and political dangers. The possibilities which under the commercial system are open to a man of real ability even under unfavorable circumstances would, under the socialistic system, be confined to those who could command political influence.

There is another even greater danger inherent in the socialistic theory of value. It puts a premium on inefficiency. It makes a man's claims for reward depend not upon what he has done for others, but upon how he has occupied himself. Time wasted counts for as much as time spent. This is a difficulty which the leaders of socialistic thought have in vain tried to meet. The commercial theory of value has the inestimable advantage of giving a man a motive for efficient work by the best methods. Success and power are made dependent on doing as much as you can with the least possible waste.

We have here an illustration of the means which the economist can use in determining the ethical merit of conflicting views. Common ground on which individualist and socialist can settle their differences is being found in the adoption of survival as a test of fitness. We are coming to view history as a record of a struggle between different ideas and different institutions, whose issue was decided by the moral qualities of the contesting races. Modern economic history is a record of such a series of struggles. If the individualist can show that freedom will really contribute to the success of a nation or community in its struggle for existence with other nations or communities, no one is likely to dispute the advantages of freedom. If, however, the socialist can show

that this freedom enriches a few in the nation at the expense of the many, and thus makes any increase in material wealth a source of weakness rather than of strength, his criticism and demand for change will also be accepted. No economist of reputation at the present day would attempt to ignore the ethical aspects of an institution, as might have been done a generation or two ago. Instead of asserting the complete independence of the two sciences, the economist, individualist no less than socialist, would insist on the close connection between the two. He would say that nothing could be economically beneficial which was ethically bad, because the institution which permitted this would carry with it the seeds of its own destruction. He would insist with equal force, that nothing could be ethically good which was economically disastrous, because in this case also destruction must ensue with equal certainty. The economist must understand the ethical bearings of the results which he discusses; the moralist must understand the economic consequences of the action which he advocates. The ambiguity with regard to value, the conflicting theories on the subject, and the reasons for preferring one theory to the other furnish an admirable illustration of how a misunderstanding combined with a great difference of ethical judgment may be settled by the test of fact.

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## THE QUEBEC ACT AND THE AMERICAN REVOLUTION.

THE conclusions of the present paper are drawn from a somewhat extended investigation<sup>1</sup> of the introduction of English rule into French Canada 1760-1774. They seem to me appropriate for this use, because of the belief induced by that investigation that, on the one hand, the place held by Canada in the early Revolutionary history is in our day much underrated, and has, at all times, been much misunderstood, and that, on the other hand, our historians have unanimously assumed a connection between the measures of the British Government in Canada and in the other colonies for which there seems to be no basis in fact. It is to this latter error that I shall especially address myself in this paper.

One of the earliest expressions of these misconceptions is found in the Declaration of Independence; the latest that I have met is put forward with much emphasis by the reviewer of Prof. Eggleston's *Life of John Patterson* in the N. Y. *Nation* of July 19th, 1894. The reviewer asserts that from its conquest in 1760, Canada was regarded by the British Ministry as a *point d'appui* "for the support of the ministerial policy in asserting British parliamentary supremacy over the Colonies"; and that this position was expressed in and intensified by the Quebec Act of 1774, "which had for its object, as the Continental Congress charged, to substitute the institutes of French customary law for the common law of England, and thereby 'to make Canadians proper instruments for assisting in the oppression of such as differ from them in modes of government and faith.'" The first part of this statement my limited space compels me to leave with the remark, that an examination of

<sup>1</sup>Based mainly on the very complete materials furnished by the Canadian Archives at Ottawa. A more extended statement of the condition of Canada at the outbreak of the Revolutionary War and of its connection with the earlier phase of that struggle, will be published shortly in the *Bulletin* of the University of Wisconsin.

the pamphlet and other party literature, and of the diplomatic and parliamentary proceedings during the last years of the war and at the Peace of 1763, will show it to be thoroughly mistaken, and will convince the candid enquirer that the main, if not the sole, motive for the retention of Canada, was the security and unhampered progress of the colonies and of colonial trade.<sup>1</sup>

As to the latter part, the reviewer simply restates the accepted tradition; namely, that the character of the relations between the colonies and the mother country led in 1774 to the joining with the Acts for the punishment of the Province of Mass. Bay, an Act (the Quebec Act) which was designed to restore to the Canadians the despotic system of government under which they had grown up, and thus to pave the way for using them as docile instruments in the extinguishing of the liberties of the colonies. In this view the Act is denounced in the Declaration of Independence, as "abolishing the free system of English laws in a neighboring Province, establishing therein an arbitrary government, and enlarging its boundaries so as to render it at once an example and fit instrument for introducing the same absolute rule in these colonies." This denunciation is the sober reiteration of the charges contained in the earlier "Address to the People of Great Britain" (October 21st, 1774), in which, among the ministerial measures "for enslaving us" is mentioned the Act by which "the dominion of Canada is to be so extended, modeled and governed as that they might become formidable to us, and on occasion be fit instruments in the hands of power, to reduce the ancient free Protestant colonies to the same state of slavery with themselves." These emphatic statements have been accepted and repeated without question by our historical writers from that time to the present; and it does not become us to let this hoary-headed error go longer undisturbed. The limits of this paper will not permit me to point out reasons for believing

<sup>1</sup> Even Bancroft admits that England at this crisis "proudly accepted the counsels of 'magnanimity,' with the thought of 'filling the wilderness, instructing it with the products of her intelligence and blessing it with free institutions.'" (*Hist.* Last revision, II. 527.)

that the error was one which had a very considerable influence in directing the course of the early revolution; but most students of the period will probably accept the fact without much demur.

In giving some reasons for my entire dissent from these long-held opinions, I can now notice only the most prominent points, and these but in the briefest manner. We have three main features of the Quebec Act<sup>1</sup> to consider; (1) the substitution of French for English law, (2) the withholding of the representative institutions which existed in the other Provinces, (3) the great territorial extension of the Province. And in expressing my belief that these provisions were not due to or intended to affect the condition of affairs in the other provinces, I must not be understood as denying the arbitrary and tyrannical spirit of the administration by which they were enacted, nor the fact that that administration was at the moment largely inspired by hostility to the free spirit of American self-government. Its *animus* is sufficiently seen in the other American Acts of the same session; my object here is simply to show that, in spite of appearances, it was not guilty of the more far-reaching and treacherous attack on liberty imputed to it on account of the Canada measures.<sup>2</sup> The Quebec Act was founded on misconception and false information, and was probably one of the most disastrous measures in English colonial history; but a close examination of its genesis has convinced me that it was the result of an earnest and comparatively generous effort for the welfare of the French Canadians, and that it was not to any appreciable degree affected by tyrannical ideas in regard either to them or to the rest of America.

And first, as to the change in civil laws. It will be remembered that in October 1763 a royal proclamation was issued for the purpose of establishing civil government in the

<sup>1</sup> For the Act see *Statutes*, 14 Geo. III. c. 83. Printed in full in Kingsford, *Hist. of Can.* v. 256-61.

<sup>2</sup> It is to be noted that the Mass. Acts, avowedly temporary and exceptional, are not necessarily indicative of a purpose to permanently subvert free institutions in America; whereas the main provisions of the Quebec Act, more permanent in nature, could easily be regarded as of the most far-reaching consequence.

newly acquired provinces of Quebec, Granada, East and West Florida. This Proclamation was then, and has been since, understood, as subverting in Canada the whole system of French law and administration;<sup>1</sup> and in this view Bancroft denounces it as an act of extreme tyranny, declaring that "the history of the world furnishes no instance of so rash injustice."<sup>2</sup> And yet in the measures taken fourteen years later to redress this supposed injustice, he and others can see nothing but a reaching after "unmixed arbitrary rule." Lord Mansfield, on the other hand, in his famous Grenada decision of 1774, refers to the Proclamation as an irrevocable charter of liberties granted to all who did then or might thereafter reside in the regions in question; on the ground that the King had thereby divested himself of his direct legislative authority, and given solemn promises of the establishment of English law and representative institutions.<sup>3</sup> These promises, however, were not fulfilled in Canada, and government remained there on an insecure basis until 1774. During this whole period the official correspondence and reports are largely occupied with representations as to the disastrous state of things that exists in consequence of this delay and uncertainty, and with urgent adjurations to hasten the settling of the constitution. It was found impossible to put English civil law into practice except in commercial matters; and, as a matter of fact, there can be little doubt that the great body of the French customary law

<sup>1</sup> It is not possible or necessary here to enter into the once much controverted point as to the real intent and result of this Proclamation. The point, however, is of importance with regard to the question whether the imperial policy in Canada was changed later in consequence of the existing relations with the other colonies; and it is to be noted, therefore, that the Earl of Hillsborough, Secretary of State, writes to Gov. Carleton, March 6, 1768 (Can. Ar. Q. 5. I. p. 344) that, as one of those who had drawn up the Proclamation of 1763, he could state "that it never entered into our idea to overturn the laws and customs of Canada in regard to property;" adding that those who had administered the Proclamation had "expounded it in the most absurd manner, entirely contrary to the Royal intention."

<sup>2</sup> *Hist.* III. 87.

<sup>3</sup> The Proclamation is printed by Kingsford, *Hist. Can.*, V. 142-5. For the Grenada decision, see English law *Reports*, or Houston, *Canadian Constitutional Documents*.



continued practically undisturbed. Consequently the Quebec Act did not "substitute" this law for the "abolished" English; it merely removed all doubt as to which should be the basis of the permanent code.

And that doubt was removed, so far as those in authority were concerned, long before the year 1774; for an examination of the official correspondence shows that the return to the French law and custom was to a large extent resolved on at least as early as 1767. Down to 1766 the colonial officials were evidently under the impression that the home government aimed to fulfill the assumed promises of the Proclamation by thoroughly assimilating the province to the English form of the other colonies. But in that year Murray was superseded by Carleton in the governorship; and the latter came to his duties believing, if not officially instructed, that the Ministry intended to restore the French civil law. Murray had already strongly urged this course, and from the very first Carleton does not cease to impress upon the home government its justice and advisability.<sup>1</sup> We find among the state papers of this year (1766) a report of the Crown lawyers,<sup>2</sup> which speaks of the disorder occasioned in the province of Quebec in consequence of the idea that it was intended "to abolish all the usages and customs of Canada," and urges that it "would be oppressive" hastily to disturb the "local usages and customs" in regard to real property. In June, 1767, we find Shelburne, the Secretary of State, writing to Gov. Carleton that the affairs of the province are under serious consideration, the main problem being, "how far it is practicable and convenient to blend the English with the French laws";<sup>3</sup> and in August of the same year the Privy Council, resolving, on consideration of reports from the Board of Trade, that fuller information was desirable, ("it being unwise and dangerous to frame or

<sup>1</sup> These representations from both Governors are based invariably on grounds of justice and policy toward the Canadians, without reference to any idea of making Canada a model or a weapon in regard to the other colonies.

<sup>2</sup> In answer to a reference to them of recommendation made by the Board of Trade Sept. 1765. See Can. Ar., Cal. Hald. Coll. I. 23.

<sup>3</sup> Can. Ar., Q. 4, p. 129.



reform laws in the dark,") orders a thorough preliminary investigation.<sup>1</sup> In December Carleton send home a recommendation for the continuance of the entire French civil code in use at the Conquest, together with a draft of a specific ordinance to do this in regard to landed property ; and Hillsborough (who had succeeded Shelburne as Secretary), replies, March, 1768, that this introductory ordinance is approved of, but that for the present it is to be held in reserve pending a general settlement.<sup>2</sup> We thus see that at least six years before the Quebec Act, the home government, apparently uninfluenced by anything except representations as to the state of the province, had resolved to go almost as far as that Act went in regard to the system of laws. The investigation ordered was at once entered upon, and the information collected was put into the hands of the Crown lawyers (Thurlow, Wedderburne, and Marriott) with orders to make exhaustive reports and recommendations. These were delayed from various causes, and it was not till 1774 that this much deliberated matter was ready to be legislated upon. The Quebec Act was unquestionably framed in accordance with the able reports of the Crown lawyers ;<sup>3</sup> and we cannot read them without being convinced that they are almost entirely inspired by a sincere and generous, if somewhat mistaken, concern for the best interests of the province. Whatever the degree of their influence, however, it should appear from this short statement that the provisions of the Quebec Act, on this point at least, were neither hastily determined upon nor caused by extraneous considerations.<sup>4</sup>

Next, let us consider the withholding of representative institutions. It was on this ground, I think, that was mainly based the not unreasonable opinion (considering contemporary events), prevailing throughout the old colonies, that the constitution given to the province of Quebec was the

<sup>1</sup> Can. Ar., Q. 4, p. 327.

<sup>2</sup> Ib. Q. 5-1, p. 344.

<sup>3</sup> For brief abstract of these, see Kingsford, *Hist. of Canada*, V. 232-6.

<sup>4</sup> I cannot delay here to show that the final reverting to the French forms was by no means as complete as was generally supposed at the time, and that provision was made for the gradual engrafting upon them of English ones.

herald of a direct attack on old established liberties; and I admit that there would seem to be little question, apart from direct evidence, that the state of feeling in England in regard to American legislative assemblies did influence the ministerial mind in this matter. It surely was to be expected. But even if there were an unwillingness to establish another such assembly until the difficulties with the existing ones had been somewhat appeased, we can scarcely regard such caution as indicative of a deep laid and systematic attack on the institution. The facts show that there could have been no such intention. The first reference to the matter is one of Sept. 2d, 1765, when we find the Board of Trade reporting that the "situation and circumstances of the colony (Canada) have not hitherto been thought to admit of a house of Assembly," but that the only objection they can find is the difficulty in regard to admitting Catholics as members.<sup>1</sup> No further mention is made of this, and the next important official document is the report on Canadian affairs by Solicitor General Wedderburne, Dec., 1772 (referred to above), which sets forth very clearly the main reasons for withholding an Assembly. He contends that it is at present wholly inexpedient to form one in Canada, on account of the peculiar difficulties presented by the religion of the great mass of the inhabitants. To admit the Roman Catholics to seats in it would be a dangerous and unconstitutional experiment, and would lead to inexhaustible dissensions between them and the old subjects, while to exclude them would cause a feeling of inequality and a fear of being exposed to injustice. The question of the franchise is involved in equal difficulties; for to deny it to the Canadians would leave the Assembly no more representative than a Council, while to grant it indiscriminately would be offensive to the upper classes, and not beneficial to the lower. On these grounds he advises, instead of an assembly, the form of government by a large appointed Council that was actually established by the Quebec Act. For the public attitude of the Ministry in this matter we may go to the debate in the

<sup>1</sup> Can. Ar., Cal. Hald. Coll., p. 94.

Commons on the Quebec Act itself.<sup>1</sup> The main impression which a study of this spirited and protracted debate leaves with us as to the point, is that the Opposition were very careful *not* to press for an immediate Assembly, and that the Ministry was very careful to defend its withholding of it purely on the grounds, (1) that it would be unjust to exclude from the franchise the French Roman Catholic majority, and (2) that it would be unsafe to admit it. Attorney General Thurlow asserted without contradiction that no one had claimed that it was at present fit to give an Assembly to Canada; and Fox admitted that he would not explicitly assert that such a step was then expedient. Lord Beauchamp, a Government supporter, affirmed that no member had advocated the appointment of a council because of the conduct of the popular assemblies in America, or had ventured to say that an assembly would always be advisable. It is evident, on the whole, that the Opposition could not offer a solution of the difficulties that were in the way, and that the Government, whatever secret motives may have influenced it, was quite able to defend its position by pointing to these difficulties. It would be more correct to say, however, that the Quebec Act *deferred* than that it *denied* an Assembly; for the words are "whereas it is at present inexpedient." There was not at any time any serious question of the permanent refusal to the Canadians of representative institutions;<sup>2</sup> and the position of the Government was clearly stated by Lord North in the following terms: "That it is desirable to give the Canadians a constitution in every respect like the constitution of Great Britain, I will not say; but I earnestly hope that they will, in the course of time, enjoy as much of our laws and as much of our constitution as may be beneficial to that country and safe for this. But that time has not yet come." To sum up, it is quite prob-

<sup>1</sup> Cavendish's *Report* (London, 1839).

<sup>2</sup> It is impossible to believe that the administration could have supposed that the province could long be satisfactorily governed by a Legislature which had only municipal money powers and which was expressly prohibited from making effective, even for a day, any enactment imposing a greater punishment than fine or imprisonment for three months. See Quebec Act, sec. XIII, XV.

able, as I have said above, that, before establishing representative institutions in Canada, the Ministry wished first to have settled the difficulties to which the assemblies in the other provinces were giving rise. But I see no ground for going further. The Ministry was encouraged to delay representative institutions, because it was assured by the Colonial officials that the great body of the French Canadian people had no desire for them, and could safely and perhaps beneficially be left without them for a few years to come; but there is no evidence to show that this delay was intended as the first step of a system of oppression which was ultimately to be extended to the other colonies through the instrumentality of the docile slaves that had been secured in Canada.

Finally, we have to examine the subject of the extension of the bounds of the province. The Proclamation of 1763 limited it to an area of not more than 100,000 sq. miles along the central St. Lawrence, and, as thus fixed, it remained until 1774, when the Quebec Act restored to it the regions extending to the Ohio and Mississippi over which the French had exercised sovereignty. The curtailing was from the beginning a prominent subject of complaint among all classes of the inhabitants, on the ground that thereby great injury was done to the Canadian fur trade on the West and to the Canadian fisheries on the East. The action was never regarded as final, however, and was intended to be forthwith supplemented by special provisions for the government of the Western territory. Owing to the general inattention to Canadian matters, and to the unstable nature of the administrations of the day, these provisions were never made, and on the eve of the Quebec Act (Dec. 1st, 1773), Dartmouth, Secretary of State, writes that "there is no longer any hope of perfecting that plan of policy in respect to the interior country which was in contemplation when the proclamation of 1763 was issued."<sup>1</sup> That plan, as we learn elsewhere,<sup>2</sup> was the institution of a semi-military government admin-

<sup>1</sup> Can. Ar., Q. 9, p. 157.

<sup>2</sup> Can. Ar., App. to Carleton's Instructions, 1775.



istered in a summary manner by a superintendent and deputies, and intended almost solely for the regulation of the fur trade. And here we have the key-note of the Imperial policy in this matter throughout. The Province of Quebec was curtailed in 1763, and extended in 1774, not through insidious designs against the other colonies, but mainly, if not entirely, from considerations connected solely with the Indians and the fur trade. This would be more clearly seen if my space allowed me to show the importance, or supposed importance, of this trade to Great Britain, and its exceptional relations to Canada and its government. It had been the mainstay of the French government in Quebec, and there can be no doubt that the provisions of the Proclamation of 1763 were mainly due to regard for it. In the debate in the House of Lords in 1775 as to the repeal of the Quebec Act, Shelbourne, formerly Secretary of State (in favor of the repeal), used the following language: "The peltry or skin trade is a matter . . . of the last importance to the trade and commerce of the colonies and this country. The regulation of this business has cost His Majesty's ministers more time and trouble than any one matter I know of."

It will be readily seen that the general relations with the Indians were closely and inextricably bound up with the trade, and that anything which affected the latter was likely to have the most essential bearing on the disposition of the savages. This fact had been pressed home by the Pontiac outbreak of 1763, and hence perhaps the special measures then meditated. In the delay of effective regulations from 1763-1774 the trade was subject to a variety of injurious impediments. It became every year more and more disorganized and unproductive, and complaints as to the insecurity of life and property throughout the trading grounds daily increased in volume and vehemence. March 3d, 1783, Gage, Commander-in-Chief, was ordered to bring to England everything required to explain, "as well the causes as the effects of those abuses and disorders which in some of your former dispatches you say had prevailed to a

<sup>1</sup> Parl. Hist. XVIII., 671.



great degree of enormity in that country."<sup>1</sup> The result of the consideration of the matter was that it appeared to the Ministry that the whole territory must be annexed to some existing civil government. To have kept it separate would have meant merely the continuance of a military or semi-military control, sure to be productive of friction with the other provinces and of discontent on the part of the various small settled communities throughout the region. And having reached this conclusion, it was inevitable that the Imperial authorities should choose for this purpose the Province to which (it was assumed) the region had before belonged, and from which it could be governed most easily. We are brought, then, to the conclusion that on this point, as on the others, whatever may have been the secret designs of the administration, it was able to put forward what seemed ample justification for its measures. Lord North in the Commons upheld the extension of Quebec as made simply in the interests of the fisheries in the East, and of security to life and trade in the West; and even the Opposition speakers who hinted at the "secret designs" of the bill did not point to that extension as proof of them.

From the above examination we must at least acknowledge that, if the Quebec Act was dictated by hostility to the growth and liberties of the other colonies, its authors took unusual pains to keep its real purpose hidden. But why should such concealment have been thought necessary? This same government had just carried through three bills of the most stringent and repressive nature, striking, to the popular view, heavier blows at American freedom and growth than anything contained in the Quebec Act; and in these measures it had found itself backed by a consistent and overwhelming support both in Parliament and in the country. Why should they now have scrupled to say that they were also taking measures of precaution in Canada? The government of that day was not an enlightened one, and would have been well content to secure popular support, without looking to the future; and it might well have con-

<sup>1</sup> Can. Ar., Cal. Hald. Coll., p. 232.

cluded that the preserving of the fur trade and the vast regions of the West from the encroachments of the rebellious colonies would have proved a popular measure. Rather than concealed, indeed, we should expect to see this feature, if occupying a prominent position in the ministerial mind, put forward with prominence. We should expect it to have been used to explain and defend before a bigoted public that apparent establishing of the Popish worship which so aroused the horror of the Continental Congress, and which was as unpopular in England as in America. That it was not so used must be considered as strongly corroborative of the position I have taken in this paper.

A concluding word as to the Quebec Act in general. Its genesis and results are worthy of close examination, and in another place I shall attempt to give reasons for the belief that instead of being the *chef d'œuvre* of political wisdom it has usually been considered, it is really one of the most disastrous measures in English colonial history. It was not popular in England; it was detested in America; it was not called for or welcomed by the Canadians; it was as useless at the time as it has since proved injurious. It can be shown that its religious provisions had very little effect in attaching the French Canadians to British rule, and that the ill-timed intolerance of the Continental Congress had very little to do with the ill success of the invasions of 1775-6. Canada was preserved to Great Britain not through the Quebec Act, but almost in spite of it. The controlling forces at this critical point in American history were the mismanagement of the revolutionary cause, and the vigor and ability of the British leaders.

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## SOME EFFECTS OF FALLING PRICES.

THE strength of the bi-metallic movement, as of the silver movement and all inflationist measures, lies in the wide-spread belief that rising prices are a good thing and falling prices a bad thing. An increase of the volume of money is not desired for its own sake but for the sake of raising general prices. Hence when the bi-metallists complain of the scarcity of gold and the dethroning of silver, it does not satisfy them to point out that both gold and silver have been increasing in our country since "the crime of '73," and that even the per capita volume of the currency is greater than at any time during the greenback inflation of the civil war. They still claim that, as long as prices are allowed to fall, the currency is less than it should be and than it would be under the free coinage of silver. We must study prices as the end, therefore, rather than the volume of the currency as the means to the end, though in current discussions the two are often spoken of as synonyms, and even careful authors seem to assume that higher prices necessarily follow an expanded currency. How very far this is from being true has been abundantly shown by Dr. S. McLean Hardy in the *Journal of Political Economy* for March, 1895, and there is no need of repeating that argument here. The object of the present paper is rather to look only at the movement of prices, regardless of its causes, and to examine what classes of the population are affected by such changes, and how they are affected. But as all generalizations on such a subject are very unsafe, unless carefully qualified, no effort will be made to deduce general laws of universal application. This paper will confine itself to a study of the United States in their present stage of development. Some such restriction of the subject is very essential. For, as will be shown, a good deal of the misconception on the subject comes from the habit of transferring to modern conditions what may have been true in more primitive circumstances, and of making sweeping assertions on a very small basis of fact.

The idea that a gradual increase in the money volume of a country is a good thing, is no new one. Hume expounded it at length in an essay printed in 1752. Sir Archibald Allison took a more extreme view, while practically all modern bi-metallists advocate the same thing, some for one reason, some for another. Hume's principal argument was that an increase of money stimulated trade. The illustration that he uses shows what he had in mind.<sup>1</sup> It was that, if new money was brought into the country, it would be turned into capital and so would aid production, since he assumes the stimulus to take place *before* prices have been raised. But he himself gives the best answer to this in another essay, where he takes pains to prove that an increase of money does not lower the rate of interest, because it does not increase capital. But if it does not increase capital, then it cannot stimulate production in the manner described. In other words, it is precisely by raising prices, but raising them unequally, that the effect is produced.

Recent bi-metallist authors desire, as stated above, a currency depreciating in value rather than increasing in volume, but they do not all give the same reasons. Some lay especial stress on the fact that higher prices stimulate speculation, by giving the entrepreneur, the manufacturer, and the merchant a kind of a bonus, which is added to the price of his goods as they pass through his hands. This is apparently what Prof. Wagner means when he says: "Recent experiences with gold in 1848, 1851, etc., with paper-money after heavy issues have given the proof: increase of the volume of money and

<sup>1</sup> "Here are a set of manufacturers or merchants, we shall suppose, who have received returns of gold and silver for goods, which they sent to Cadiz. They are thereby enabled to employ more workmen than formerly, who never dream of demanding higher wages, but are glad of employment from such good paymasters. If workmen become scarce, the manufacturer gives higher wages, but at first requires an increase of labour; and this is willingly submitted to by the artisan, who can now eat and drink better, to compensate his additional toil and fatigue. He carries his money to market, where he finds everything at the same price as formerly, but returns with greater quantity and of better kinds, for the use of his family. . . . It is easy to trace the money in its progress through the commonwealth; where we shall find, that it must first quicken the diligence of every individual before it increase the price of labour."—*Essays and Treatises on Several Subjects*, ed. of 1784, Vol. I, p. 304.



rising prices act as a mighty spur to production."<sup>1</sup> Others emphasize more the socio-political effects, i. e. the influence exerted on the distribution of wealth among different social classes.

Thus Dr. Arendt, in his controversial article, criticizing the socialists for their adherence to the gold standard, explains that, while the diminution of the value of money tends to raise prices and bring about a general activity of business, "a rise in the value of money signifies a fall of prices. While the raw material is being worked, its price falls, so that the finished goods suffer a loss. The sale is hindered, the chances for work are small, wages fall. . . . In the relations between creditor and debtor the debtor suffers a loss. . . . A constantly increasing quantity of goods and a constantly growing expenditure of labor is necessary to satisfy the creditors. Bankruptcy is the end of it. If we are put before the alternative of injuring either the creditor or the debtor, the latter, as the weaker class, must be first protected, though an intentional injury to the creditors would also offend economic justice." And Prof. Wagner deplors the ruin of the farming class, which is threatened through the difficulty of meeting their mortgages with falling prices.<sup>2</sup>

President Andrews says that the recent fall of prices has been "an absolute and unmitigated curse to human civilization. . . . None profit from it but such as are annuitants without being producers; and we may be sure that no civilized state is going to legislate to keep prices falling, when it is once seen, as it must soon be seen, that the fall injures all but the very few unproductive people who live upon their incomes."<sup>3</sup>

These citations bring out two quite distinct considerations. One is that rising prices stimulate trade, and hence production; the other that they lessen the burden of debt and hence help certain classes, either the productive at the expense of the unproductive, or the weaker at the expense of the

<sup>1</sup> Die neueste Silberkrise und unser Münzwesen, p. 79.

<sup>2</sup> Die neueste Silberkrise, p. 79.

<sup>3</sup> An Honest Dollar, p. 61.



stronger. In other words, rising prices are useful in their effects both on the production of wealth and on its distribution.

That any inflation stimulates speculation may be conceded. But that such stimulus is either needed or desired is open at least to very grave doubt. When we consider the readiness with which new and hazardous enterprises are entered into, the large amount of business that is done on borrowed capital, and the number of failures that result from insufficient capital, amounting in the United States to about one-third of the number,<sup>1</sup> it seems reasonable to hold that this country needs some check upon speculation quite as much as a stimulus.

It may be further questioned whether the kind of commercial activity that results from inflation is the surest possible index of a country's real prosperity. Since the panic of 1873, e. g., our country has not gone through any such era of speculation on rising prices as preceded that panic. The tendency of prices during the greater part of that period has been downward. Yet there are plenty of indications of steady and substantial increase in wealth and in the comfort of the mass of the people. The savings-bank deposits, e. g., have more than doubled in twenty years, as is shown by the following table:

<sup>1</sup> *Bradstreet's* gives the following figures, showing the importance of certain causes of failure with respect, first, to the total number failing, and then, to the total liabilities of those failing in the United States:

	PERCENTAGE OF NUMBER.				PERCENTAGE OF LIABILITIES.			
	1891	1892	1893	1894	1891	1892	1893	1894
Incompetence .....	16.3	18.6	16.4	14.1	8.4	12.3	7.4	10.4
Inexperience ...	4.7	5.2	6.1	4.2	3.1	3.	1.2	2.1
Lack of Capital.....	39.2	32.5	33.5	34.6	32.	27.	19.8	25.8
Total.....	60.2	56.3	56.0	52.9	43.5	42.3	28.4	38.3

—*Bradstreet's*, Jan. 26, 1895, p. 52.

1873,	.	.	.	802 millions of dollars.
1878,	.	.	.	879 "
1883,	.	.	.	1024 "
1888,	.	.	.	1364 "
1893,	.	.	.	1785 "

The postoffice is often a good index of general prosperity. In spite of a substantial lowering of the rates of postage, the revenue of that department has been as follows:

1873,	.	.	.	.	22 millions of dollars.
1878,	.	.	.	.	29 "
1883,	.	.	.	.	45 "
1888,	.	.	.	.	52 "
1893,	.	.	.	.	75 "

an increase of more than three-fold since 1873.

Wages have been rising steadily in their purchasing power, which was probably never as great in our country as at the present time, and the consumption of sugar per capita has increased from 43 lbs. in 1880 to 63½ lbs. in 1894. Such facts as these are truer indications of national prosperity than speculative fevers, followed by speculative collapses.

But a more intricate and more important question is the effect of a change in the level of prices upon the distribution of wealth. For this cuts directly into the great social questions of the day. And if it is really true that idle annuitants, and only idle annuitants, have gained by the late fall in prices, then certainly something is wrong, and whether bi-metallism be workable or not, some reform is needed.

Before discussing in detail the social effects of our recent fall in prices, it may not be superfluous to point out that idle annuitants may perhaps have profited, without having profited at any one's expense.

Suppose, for instance, that the purchasing power of an income derived from government bonds has increased so that the bond-holder can buy more with his interest money now than he could twenty years ago; it does not follow from this that anybody has lost. It may be, and I believe it has been, true that the increase in the productivity of indus-

try, owing to inventions and improved processes, has been so great, that the same amount of money can be earned with less exertion now than twenty years ago. This is undoubtedly true as far as the wage earner is concerned. The wage receiver, or the school teacher, for instance, who mortgaged his house twenty years ago, and still pays the same interest, though he may give the mortgagee a greater purchasing power than he did when the debt was contracted, need not, himself, make as great an exertion to obtain that purchasing power. At the worst, the fall in prices would simply mean that the mortgagee has had a share in new wealth which otherwise would have gone to the debtor. It does not, therefore, by any means follow that because one class has gained another has lost.

But let us examine more particularly who are the debtors of our country, how far they constitute a class by themselves, and how their interests have been affected by the changes in prices since 1873. It is, of course, not possible to make an exhaustive statement which shall include all the debts of one kind and another existing at any one time in a country. Considerable sums are constantly being loaned by one friend to another, without any record or publicity. Pawnbrokers' transactions also elude the statistician. Retail dealers are constantly in debt to wholesalers and jobbers, while practically all employers of labor are, excepting on pay day, constantly in debt to their help. Thus, numerically, the wage-receiving class constitute probably the most important creditor class of the country, as has frequently been pointed out, though their debts run for short periods. But if we confine our attention to those debts whose amount can be ascertained with an approximation to accuracy and which have originated in an actual transfer of money or credit, as distinguished from services or goods, we may say that the "debtor class" includes six distinct groups.

1. Corporations of various kinds, especially railroads. The extent to which corporations, apart from railroads, are indebted is not easily ascertained. The bonded debt of the

railroads alone in 1890 was \$5,105,902,025. The corporations or their stock-holders thus constitute a very important fraction of the "debtor class," but whether they really are a class by themselves is doubtful, since in so many cases the same individual is both a stock-holder and a bond-holder. If he does not fill this double rôle in one and the same company, he is likely to be a debtor in one and a creditor in another. It is difficult to say, therefore, that the railroad bond-holders constitute a creditor class distinctly separate from the railroad stock-holders as a debtor class, except to this extent, that, inasmuch as bonds are usually considered a safer and less speculative investment, it is altogether probable that women and trustees for the estates of minors are more largely represented in the creditor class, while independent capitalists, especially those with large means, are more largely represented in the debtor class.

To introduce legislation for the benefit of the debtors, therefore, would, as far as this class of debts is concerned, be to favor those who are best able to take care of themselves. But apart from this, it is altogether probable that the free coinage of silver would injure rather than help a large fraction of the "debtor class" among the corporations. About 60 per cent. of the bonded railroad debt is payable in gold.<sup>1</sup> As long as gold is the standard and all other money is at par in gold, no effort is made to require the specific payment of such contracts. But introduce the free coinage of silver, and it is probable that gold would be demanded in all those cases. It might then be very much harder for railroads to meet their obligations than it is at present.

2. Next we have as constituents of the "debtor class" those who obtain discounts from the banks. The bank loans not secured by real estate amounted in 1890 to 3,135 millions of dollars.<sup>2</sup> This is, however, a debt which runs for a very

<sup>1</sup> See YALE REVIEW for August, 1894, vol. iii, p. 219.

<sup>2</sup> This is made up of the following items:

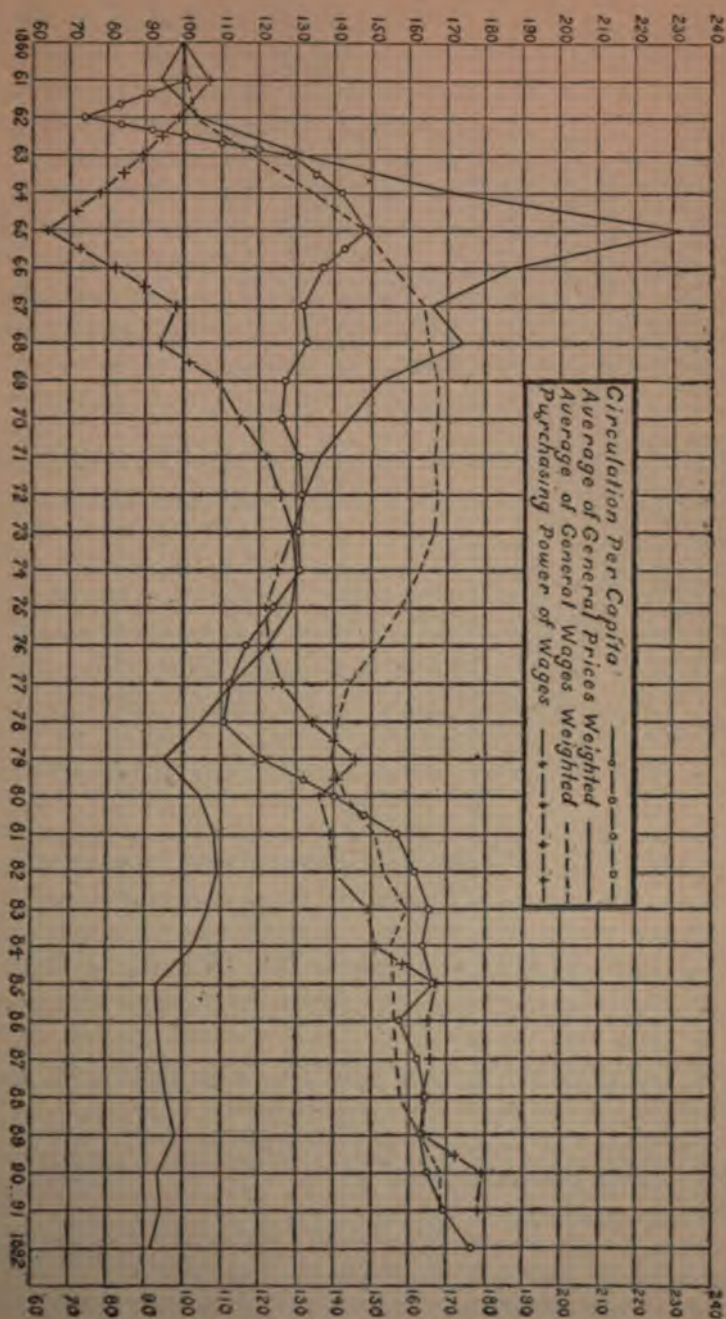
State and private banks, . . . . .	\$1,165,023,369.
National banks, . . . . .	1,970,022,687.

short time. The appreciation which the money might undergo between the time at which it is borrowed and the time at which it is repaid is small in itself, and absolutely insignificant in comparison with the fluctuations in the rate of discount and the fluctuations in the price of the special commodity or line of commodities in which the individual customer deals. If, for instance, we take the weighted average of general prices given in the Aldrich report<sup>1</sup> as indicating by its downs and ups the ups and downs of the value of money, the extremes which that average shows since the resumption of specie payments are found in the years 1882 and 1892. In the former the average was 109.1, and in the latter 91.7. This is about 17 per cent. in ten years or about .4 per cent. in three months. Even if this fall had been continuous (which it was not) and assuming it to have been due to a general scarcity of currency (which we are very far from granting), it is obvious that its importance is infinitesimal compared with the other changing elements which the merchant or manufacturer has to take into account. The rate of discount alone fluctuates much more than this. To take what bimetallists call the steady and fatal fall of prices due to general conditions into account as one of the serious elements in the profits of the entrepreneur, is almost as if the engineer of an ocean steamer were to consider the gradual cooling of the earth's surface as one of the impediments to the speed of his boat.

3. After the bank customers come the banks themselves as one of the great elements of the "debtor class" of the country. It would be hardly fair to count the capital as one of

<sup>1</sup> The diagram on p. 191 shows the general movement of prices and wages based upon the figures of Sen. Doc. No. 1394, of the 52d Cong., the so-called Aldrich Report. General prices are represented by the weighted averages given in Vol. I, p. 9, and general wages, by the weighted averages on p. 14. The line showing the purchasing power of wages is simply the quotient of the wage averages, divided by the price averages. The circulation of currency per capita, as given in the Finance Report for 1894, p. cxv, is reduced to a scale uniform with that used in the rest of the diagram, \$13.85, the figure for 1860, being represented by 100.





their debts, since this is a liability to stock-holders, or a debt of the right hand to the left. We cannot but consider it a mistake for the recent convention of the bankers of New York to specify their capital and even their surplus as a part of their debts. But they certainly are very large debtors to their depositors and to their note-holders. The banks are therefore both creditors and debtors. If we take the banks of the whole country in 1890,—the year assumed for our comparison, we find their indebtedness to have been over 2,734 millions.<sup>1</sup> Thus, while the banks are great creditors they are also great debtors to the public.

4. The governments, Federal, State, and local, come next in the enumeration of prominent members of the "debtor class." According to the census estimate, the sum total of public indebtedness in our country in 1890 was \$2,027,170,546. The state means, for fiscal purposes, the taxpayers. They are the ones who profit if the debt is lightened, and suffer if it is aggravated. But it can hardly be said that in our country the burden of taxation due to public debt has been particularly severe. From 1880 to 1890 the interest on the total debt, Federal, State, and local, fell from \$2.95 to \$1.51 per capita, while the average rate of interest for the whole has fallen from 5.24% to 4.85%.<sup>2</sup> And in no part of the country has this fall been greater than in some of those Western States whose citizens are clamoring most loudly for relief from the burden of debt. In Kansas, e. g., the average rate of interest fell from 7.57% in 1880 to 6.04% in 1890; in Nebraska, from 8.85% to 5.95%. If our figures extended over a

<sup>1</sup> This is made up of the following items, given in the report of the Comptroller of the Currency for 1890, pp. 79 and 121:

Deposits, State and Private Banks, Loan and Trust Co.'s,	\$1,017,479,029.
Deposits, National Banks, . . . . .	1,594,193,245.
Notes, National Banks, . . . . .	122,928,084.
Total, . . . . .	<u>\$2,734,600,358.</u>

<sup>2</sup> Compendium of the Eleventh Census, Vol. II, p. 458.

longer period, the fall would doubtless appear more striking. But let us confine our attention to the years for which we have figures. The average prices in 1880 were 104.9, in 1890 93.7, a fall of over 11 points, or an increase in the purchasing power of money of about 11%. The amount of money which Kansas had to raise in 1890 to meet the interest on a given debt was 20% less, and that which Nebraska had to raise 32% less than in 1880, while for the country as a whole it was over 7% less.

This general fall in the rate of interest is certainly a fact which should be taken into account when we speak of the losses suffered by the debtor through the appreciation of the standard of value, whether there is any causal connection between the two or not. There is, however, very good reason for believing that there is a relation, even though one may not be the cause of the other. It is more than probable that both are effects of the same cause, viz: the great increase in the productive powers of man by new inventions and discoveries. It is this great increase in and cheapening of production which has caused the prices of many commodities to fall. And this increase in production has also caused such an increase in that saved product, which we call capital, as to lower the rate of interest.

5. The last and the most important ones to be considered in this muster of the "debtor class" are those who have borrowed money on mortgage. But they really consist of two quite distinct classes, owners of city land and owners of farming land. The former aggregated in 1890 \$3,810,531,354. How far has the burden of city mortgages been increased by the fall in prices? The often quoted averages of the Aldrich report do not include land or rents. And it is land which must supply the means of meeting mortgage indebtedness. But city land has, as every one knows, risen largely in value during recent years. The assessment figures are but a poor guide to the real value of real estate, and we can be quite sure that they understate rather than overstate the increase in value. Yet even they

show that the value of land in the United States as a whole has risen in ten years from 13,036 millions of dollars to 18,933 millions, and from \$260 to \$302 per capita.<sup>1</sup> A large share of this increase must be credited to the cities, and has gone in the form of "unearned increment" to help lighten the burden of city mortgages. At the same time the average rate of interest fell from 6.69% in 1880 to 6.16% in 1890.<sup>2</sup> As, moreover, the average life of mortgages on lots during that period was only 4.75 years,<sup>3</sup> it is clear that mortgagers have had abundant opportunity to take advantage of the low rate, even when they have been obliged to renew their mortgages upon expiration.

6. The owners of mortgaged farms are not in as favorable a situation as the owners of mortgaged city lots. They constitute the class whose condition deserves the most sympathy, and on whom the decline of prices has probably borne most severely. Yet they do not constitute the whole or even a very large fraction of the debtor class. In 1890, the mortgages on acres aggregated \$2,209,148,431, but the encumbrance on farms is given as \$1,085,995,960, distributed among 886,957 families.<sup>4</sup> And in their case, too, the fall in the price of their products has been counterbalanced by the fall in the prices of other things, and by the fall in the rate of interest. Agricultural products have shown considerable fluctuations, but their level in 1891 was higher compared with 1873 than that of commodities in general. The rate of interest fell during the decade from 7.62% in 1880, to 7.36% in 1890. A longer period would doubtless show a more marked fall. Finally the average life of a mortgage on acres has been but 4.54 years,<sup>5</sup> while in the Western and Southern States it

<sup>1</sup> Census Bulletin 192, p. 4.

<sup>2</sup> Extra Census Bulletin No. 71, p. 34.

<sup>3</sup> Extra Census Bulletin No. 71, p. 14.

<sup>4</sup> Extra Census Bulletin 98, p. 12.

<sup>5</sup> Extra Bulletin 71, p. 2.



is still less—in Kansas 3.663 years, and in Nebraska 3.785 years.<sup>1</sup>

But if we would interpret this debt we must take into account the objects for which it has been incurred, and the census figures show that 83% was for purchase money, improvements, business, and the purchase of the more durable kinds of personal property.<sup>2</sup> Thus all but a small percentage of the mortgage indebtedness has been incurred by people who did not have capital enough to buy and stock their own farms. The ability to borrow has enabled them to be independent farmers instead of tenants.

That the farmers in many parts of our country have been suffering can hardly admit of doubt. They have suffered from the competition of India, Argentina, and Russia; from drought and other climatic vicissitudes, and last of all the trolley car and the bicycle have come in to lower the prices of their horses. But how would an inflation of the currency, such as would be produced by the free coinage of silver, help them?

The manner in which it is supposed to work can best be illustrated by a hypothetical case. Let us take the average indebted farmer who has a mortgage of \$1,000 on which he pays 7% interest. Suppose the value of his crop to be \$1,500. If he has trouble in paying his interest, as he claims, his operating and living expenses, including the \$70 interest, must be nearly equal to his income. Let us assume that his expenses are \$1,400. Now on the theory of the inflationists, if the currency were doubled under the free coinage of silver, his price would be doubled, bringing him \$3,000 instead of \$1,500. But what assurance has he that his expenses will not also be doubled? As far as commodities are concerned, they are likely to rise quite as fast as, if not faster than, his income. If so, his margin would be only raised from \$100 to \$200, a small sum compared with the principal of his debt. The only method by

<sup>1</sup> Extra Bulletin 71, p. 14.

<sup>2</sup> Extra Bulletin 98, p. 3.



which he might hope to increase this would be to keep down the wages that he pays to his help. In this way the indebted farmer might for a time help himself at the expense of the wage-receiver. Therefore, assuming the most favorable case possible, the farmer would make but a small gain, and that temporarily. For on account of the short time which mortgages usually run, the farmer would not reap the full benefit of cheap money, unless he could save enough to pay off his debt in a very short time, because if he wanted to renew he would be charged a higher rate of interest, proportional to the expected depreciation of money.

The reason that so many of the mortgages and ground rents in Western cities are now made payable in gold, is that better terms are secured, and the rate of interest would undoubtedly rise at once, if the free coinage of silver were introduced. Now it so happens that in the States which are supposed to be most clamorous for free silver the average life of mortgages is the shortest, in some running as low as  $2\frac{1}{2}$  years and less. That means that in these States  $\frac{1}{2}$  or  $\frac{1}{3}$  of the entire indebtedness falls due in each year and would be subject to renewal on more onerous terms, unless the owners could pay it off, while all new loans, unless made in gold, would be made at a higher rate of interest. At best, therefore, the farmer would make but a small gain, and this he would make not entirely at the expense of the mortgage-holder, but partly also at the expense of the wage-receiver and partly at that of other farmers, who might want to borrow.

This antagonism between the landed interests and the wage-receivers is well understood in Germany, where the Socialists, as representatives of the wage-receivers, find it for their interest to support the gold standard, as against the Agrarians, among whom the silver party finds many of its adherents.

If we turn now to take a glance at the "creditor class," we shall find it even more difficult to make a complete catalogue, but we can find enough to decidedly modify the cur-

rent notion. It contains, of course, the banks of discount, who are both creditors and debtors. It also contains the depositors in savings-banks, whose funds are in the main invested either in mortgages or in bonds. The total deposits in 1890 were \$1,524,844,506, distributed among 4,258,893 persons, making an average of \$358.03 for each depositor. The savings-bank deposits alone represent more than half as much again as the farmers' debt, owned by five times as many persons.

To what extent the funds of widows and orphans, and the funds of charitable and educational institutions are invested in bonds and mortgages can only be guessed at. It certainly must be very great. President Thwing estimates that the colleges have some 80 millions invested in bonds and mortgages.<sup>1</sup> The investors in building and loan associations with assets of \$450,000,000 also belong to the creditor class, as well as policy-holders in life, fire, and accident insurance companies. Their credits are, to be sure, contingent, while their debits to the companies are fixed. They might seem, therefore, to gain more than they lose by rising prices, and they do as a whole. But the gains and losses are so distributed that the loss falls on the victim, precisely at the time at which he is least able to bear it. The man whose house does not burn down would, under free coinage, have the advantage of paying his premiums in a cheap money. The man whose house does burn down would have to accept a cheap money in payment for his insurance and rebuild under inflated prices. The amount thus involved in the whole country is very considerable. The fire losses alone amount to over \$100,000,000 a year, and the losses of life insurance companies to \$137,000,000. The annual interest charge borne by encumbered farms was in 1890, \$76,728,077.<sup>2</sup> Thus the fire losses alone, exceed by nearly one third, the interest paid by farmers.

"For one sweet grape, who will the vine destroy."

<sup>1</sup> The Forum, June, 1895, vol. xix, p. 439.

<sup>2</sup> Extra Census Bulletin, No. 98, p. 19.

And the shrewd populist, who flatters himself that by the free coinage of silver he can force his creditor to take a depreciated money, would see the question in a new light, if his house or barn were to burn down and he found himself obliged to take the same kind of money from his insurance company.

In the same class with policy-holders must be placed the members of numerous benefit societies and fraternal organizations, Masons, Odd Fellows, Foresters, etc., as well as members of trade-unions which give benefits for sickness, loss of tools, and other misfortunes. The amount thus disbursed in the course of a year to the unfortunate must amount to many millions.

Finally in addition to the creditors in the usual sense of the word, the entire wage-receiving and salaried class is benefited by falling prices, not as creditors, but owing to the fact that wages and salaries do not usually respond to changes in the currency as rapidly as the prices of commodities. Indeed, since the resumption of specie payments, the tendency of wages in our country has been steadily upward in spite of falling prices. Pensioners, who represent an annual income of some \$140,000,000, are likewise interested in low prices.

To sum up the results of this inquiry, the "debtor class" includes among others six well defined groups, with an indebtedness in 1890 as follows:

	Millions.
Railroads .....	\$5,106
Borrowers of Banks.....	3,135
Government .....	2,734
Banks [Deposits and Circulation].....	2,027
Owners of city lots .....	3,810
Owners of acres.....	2,209
	<hr/>
	\$19,021

The "creditor class" includes besides the rich investors, "gold bugs" and "bloated bondholders:"

	Millions.
Depositors in Savings Banks .....	\$1,524
Depositors and note holders in banks of discount .....	2,734
Banks [discounts] .....	3,135
Institutions of learning .....	80

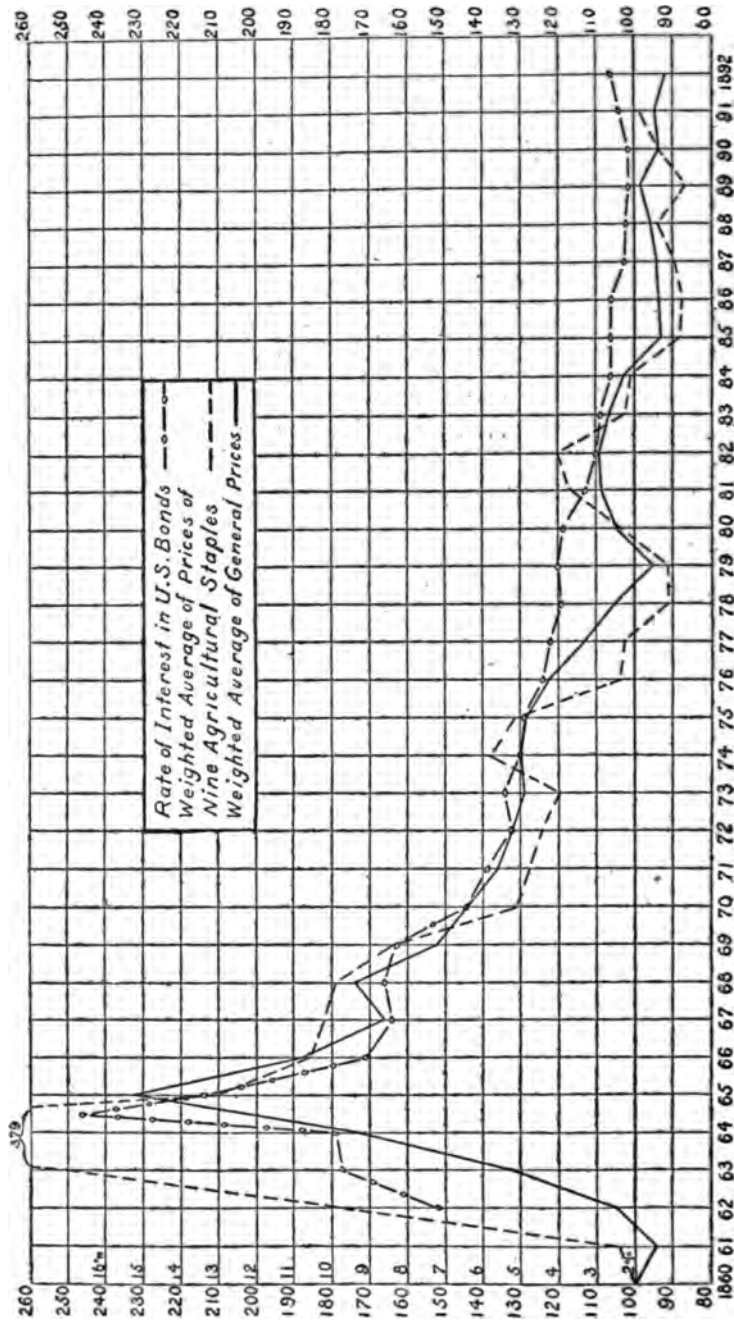
In addition to these, the following are interested in falling prices for one reason or another :

Policy-holders in insurance companies.  
 Members of benefit societies, fraternities, trade-unions.  
 Wage-receivers and salaried people.  
 Pensioners.

This enumeration does not pretend to be exhaustive, but it goes far enough to show that the question of high or low prices is not settled by simply assuming that the debtor class includes the industrious and poor, and the creditor class the rich and idle. The interests are, on the contrary, curiously intermingled. For on the side of the struggling farmer, who thinks that inflation will lighten his debts, are mustered the great railroad corporations and the government, while on the side of the idle annuitant stand the college, the charitable institution, the savings-bank depositor, the beneficiary of insurance and benefit associations, the policy-holder in insurance companies, the trade-unionist, the pensioner, the day laborer, the mechanic, and the school teacher.

Instead of its being true that only idle annuitants have profited by the fall in prices, they have not profited at all, if we take into account the fall in interest and the losses suffered through bankruptcies and defaults. Here we can give only approximate figures. But the rate of interest received by an investor in U. S. bonds is a pretty fair indication of the general rate, and this has fallen from  $5\frac{1}{2}$  per cent. in 1873 to  $2\frac{5}{8}$  in 1892, or 52 per cent., while prices have fallen during the same period from 129 to 91.7 or 29 per cent. If the fall in the rate of interest realized on United States bonds may be taken to fairly represent the fall in the general rate on long term investments, then the idle annuitant, who inherited in 1873 a fortune in greenbacks and lives on the proceeds, would find that, while the purchasing power of his money had increased in nineteen years by 29 per cent., the number of dollars which he was able to draw as interest had







declined 52 per cent.<sup>1</sup> If we add to this the losses suffered by default, the position of the idle annuitant is not so very eligible after all. Here again we cannot give exact figures. But it is estimated that the railroads now in the hands of receivers have outstanding securities aggregating \$1,354,000,000., or about one-quarter of the total bonded railroad indebtedness. If this is the case, it is evident that a considerable allowance must be made for bad debts in estimating the income of the man who lives on invested funds. These losses cannot, of course, be attributed to the fall in prices, but they are one incident in the condition of the investor which should be taken into account, when we consider the general effect of the economic history of the past twenty years.

The class which has probably gained the most from falling prices during this period is the wage-receiving class, for they have had an increase in income, and (barring rent) have enjoyed falling prices. And it is this class which would probably suffer the most, if the currency were to be sufficiently inflated to raise prices.

HENRY W. FARNAM.

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<sup>1</sup> The first part of this statement is based on a table, made by Mr. E. B. Elliott, government actuary, and printed with a letter of Mr. Edward Atkinson in *Bradstreet's* for July 31, 1886; the latter part is based on a computation made by the writer. The following table is constructed by taking Mr. Elliott's figures, based on the price of U. S. 6's of 1881, for the years 1862 to 1877, and supplementing them by calculations based on the opening price on the first of each January of 4's of 1907. Its facts are shown in a graphic form in the diagram on page 200.

RATE OF INTEREST REALIZED BY AN INVESTOR IN U. S. BONDS.

	Per Cent.		Per Cent.		Per Cent.
1862.....	7.2	1873.....	5.4	1885.....	2½
1863.....	9.7	1874.....	5.	1886.....	2½
1864.....	9.9	1875.....	4.9	1887.....	2¼
July, 1864.....	16.6	1876.....	4.4	1888.....	2¼
1865.....	13.4	1877.....	4.2	1889.....	2½
1866.....	9.1	1878.....	3¾	1890.....	2½
1867.....	8.4	1879.....	4	1891.....	2¾
1868.....	8.6	1880.....	3¾	1892.....	2¾
1869.....	8.3	1881.....	3¼	1893.....	2¾
1870.....	6.4	1882.....	3	1894.....	2¾
1871.....	5.9	1883.....	2¾		
1872.....	5.2	1884.....	2¾		

## BOOK NOTICES.

*The Commonwealth and Protectorate.* By Samuel Rawson Gardiner, Vol. I, 1649-51. London and New York, Longmans, Green & Co., 1894—8vo, xxii, 515 pp.

The student of English history opens a new volume of Mr. Gardiner's monumental work with the keenest anticipations of pleasure. The topic itself is interesting; the leading personages are among the great men in the world's annals; and the period was most important in the constitutional development of the English peoples in the Old and New Worlds. The student also finds that problems to which he has given weeks of study without approaching a solution are here solved for him by a master of the manuscript sources of British history. Of course, with the historian "seeing is believing," and nothing less will satisfy; but one reposes the very greatest reliance in Gardiner's judgment and fairness. Next to the actual handling of a manuscript is a narrative based upon it from his pen. No one can cease to regret that Mr. Froude, the historian of the period just preceding that which Gardiner took for his life-work, should have been so utterly wanting in these qualities. On the other hand, how greatly one misses Froude's literary cunning in Gardiner's work. It would almost seem as if the historian and the man of letters belong to two distinct species of scholars. The earlier volumes of the work under review are hard reading, portions of them are very tiresome reading. There is a lack of the imaginative power which marks the great writer. Many phrases and ideas recur again and again to dull the interest and chill the reader's appetite. Then, too, one feels that his author is constrained—is always holding something back. In his desire to be fair to both sides Mr. Gardiner has been unfair to himself. In this volume, however, he strikes out a new path. He is no longer describing the struggles of contending Englishmen; he is now depicting the mastery of Irishman and Scot by an Englishman of overpowering genius for war, at the head of one of the most splendid armies the world has ever seen. There is now a dash and vigor in the narrative altogether foreign to the other volumes.

The greatest objection to Gardiner's whole work is the pertinacity with which he confines himself to the surface politics of

the time. Of the growth of the English people during these years there is hardly a word. One gets almost no knowledge of the real life of the Long Parliament, of the motives and methods of the leading spirits of the "New Model," or of the tremendous change in ideals and in modes of living which so abundantly marked the first half of the seventeenth century. The most important question for the historian of that epoch to solve is the reason—the underlying cause, of the change which separates the England of the Second Charles' time from the England of Elizabeth. To these and to similar questions we get no answer here. Once in a while we gain a glimpse of the life of the times, as when the adventures of Lady Verney in search of a lost estate are described. Are we to understand that the Verney Memoirs, which are in print, are unique? Are there no collections of letters and diaries in the Record Office, or in the British Museum, or in private collections which would throw light on these matters? If there is no such material, we shall never understand the history of this most important period: if there is such material, it surely was Mr. Gardiner's duty to explore it for the benefit of students and readers.

Another cause of complaint with the method pursued by our author is to be found in the slight aid he has given to those who wish to go beyond his volumes and to study the sources themselves—not necessarily to test Mr. Gardiner's accuracy, but to explore the topics just mooted. In a preface of one and two-thirds pages he tells us that he has used certain papers and has thought fit to cite two books by their short titles. But of the nature of the contents of these books and collections of manuscript and of the reliance to be placed upon them he tells us next to nothing. One of the works mentioned as being cited by its short title is Wishart's *Res Gestæ*; but as to the credibility or otherwise of Wishart we are told absolutely nothing. In some of the foot-notes scattered through the volumes more information is given—but valuable bibliographical aid, such as Mr. Parkman and Mr. Winsor have rendered succeeding generations, is not here.

The volume now under review includes the history of the critical period following the execution of Charles I. to the crushing defeat of Charles II. at Worcester. It may as well be said here that the teacher of history is rejoiced to find so many of the stories of the younger Charles's romantic escape after that disaster

have stood the test of even Gardiner's researches. He is also rejoiced to find, to return to the beginning of the volume, that Lady Carlisle, who had thrown over all parties in the state from Strafford to Pym, was at last brought to book. Suspected of holding the keys to a royalist plot, she was shown the rack. The effrontery which had served her so long now deserted her, and she offered "to confess whatsoever they will have her." She was not put on the rack ; and, as a matter of fact, torture—except as a means of compelling men to plead—seems to have disappeared with Bacon and Coke.

Chapters IV–VI deal with the "Cromwellian Settlement" of Ireland. To this melancholy story little that is new has been added. Mr. Gardiner has, however, overturned the horrible stories of using children as bucklers and killing women in cold blood which the "buffooning" Thomas Wood served up for the probable purpose of terrifying his mother and his scholarly though possibly gullible brother, Anthony Wood. The massacres of Drogheda and Wexford were horrible enough without any such false additions. It is to be noted that Cromwell did nothing in Ireland which Wellington—himself born in Ireland, did not justify one hundred years later. Cromwell explicitly denied, to quote from our author, "that any civilians were killed in Ireland without an attempt to punish their murderers. . . . 'Give us,' he wrote, 'an instance of one man since my coming into Ireland, not in arms, massacred, destroyed, or banished, concerning the massacre or destruction of whom justice hath not been done, or attempted to be done.'" Probably Cromwell regarded Roman Catholic priests with crosses and beads as forming an important part of the armed forces of the enemy. Otherwise the statement just quoted seems to be entirely borne out by the facts. The evils of the "settlement" were due more largely to the legislation of the Long Parliament than they were to Cromwell. Nevertheless, the Irish Nationalists of the present day in alliance with the English Radicals—the real successors of the Long Parliament—are now protesting against the erection of a statue to the Great Oliver !

Another interesting episode, treated in the present volume, is the last campaign and death of a man whom the world, especially the gentler portion of it—persists in regarding as a hero, James Graham, Marquis of Montrose. His earlier campaigns, so full of useless butchery and revolting cruelty, are described in another



volume. In this one Gardiner relates the campaign of 1650, the action at Carbisdale, Montrose's flight, and his execution. The custodian of Montrose was Macleod, "sheriff depute" of the district wherein the fleeing Marquis sought shelter. Macleod's wife was a daughter of one of the officers of Strachan's forces which had defeated Montrose at Carbisdale. In the absence of her husband she seized the opportunity to capture her father's foe, and it is hard to understand why she should have been expected to allow the chance to escape her. Macleod returning, found the chief enemy of his employer's in his wife's hands, and promptly turned him over to his government; it is impossible to understand upon what theory of conduct he could have set Montrose at liberty. The latter, however, is one of the heroes of a certain kind of history. His deeds or misdeeds are celebrated in prose and verse, and Macleod, to quote again from our author, "would have won fame if he had ruined himself by protecting the fugitive." In plain words, if he had forgotten his duty, and been faithless to his trust, he would have been handed down to posterity as a hero: he did his duty, and has been branded as a traitor.

The third episode narrated in this volume is Cromwell's campaign in Scotland. This brings us to one of the most glorious events in English military annals and to the most remarkable campaign of Cromwell's great career—the battle of Dunbar. On the 2d of September, 1650, the English army found itself in and about the little town of Dunbar, on the southern side of the Firth of Forth, where the coast turns suddenly to the southward, and the firth becomes the North Sea. Between the "New Model" and England lay the Scottish army, commanded by Leslie, encamped on the upper slopes of Doone Hill. The Scots outnumbered the English two to one, and were in a favorable position to pounce upon them should they try to escape by land to England. If, on the other hand, Cromwell should endeavor to place his men on the shipping, lying at anchor off Dunbar, Leslie hoped to capture at least one-half of the Ironsides. He, however, was not in chief command of his army, but was under the orders of a Committee of Estates then present in camp. At the foot of the hill and between it and Dunbar ran the Broxburn. It was cold on the hill, and the Committee ordered Leslie to leave his unassailable position, and encamp at the foot of the hill between it and the burn. As Cromwell, from the other side of the burn,



saw the Covenanters descending, he turned to Lambert, saying that he "thought it did give us an opportunity or advantage to attempt upon the enemy." Lambert replied: "I had thought to have said the same thing." Monk, upon being consulted, agreed with them. It will be seen that Mr. Gardiner substitutes the above prosaic conversation for the graphic ejaculation usually attributed to Cromwell: "The Lord hath delivered them into our hands." Leslie, supposing that Cromwell was already embarking his men, placed the Scottish army in a position singularly suited to the purpose the English commander had in mind. On the steep upper banks of the burn, where the stream flows through a natural trench forty feet deep, he stationed his infantry, and farther down, where the banks slope down easily, he placed his cavalry, ready to dash upon the New Model when it should begin to draw off to Dunbar, the place of the supposed embarkation. During the night of the 2d and 3d Cromwell massed the greater part of his splendid army opposite the ford. Lambert was to direct the attack at that point. With his own regiment of horse and three foot regiments under Goffe—later a fugitive in New England—Pride of the Purge fame, and one other, the four forming the four best regiments in the service—with this picked body of men the commander-in-chief marched through the darkness and the dripping mist of that Scottish night around the Scottish right, enclosing them as in a net. At daybreak Lambert charged across the burn and then, as the "sun rose out of the sea, Cromwell, crying, as his rough face lighted up with the joy of victory, 'Let God arise, let His enemies be scattered!'; remorselessly pushed on the flying horsemen over the ranks of their own infantry, scarcely roused from sleep as they lay above the stream." Excepting Jackson's movement at Chancellorsville, there is nothing comparable to this in military history. About three thousand Scots perished in the fight, and ten thousand more fell into the hands of the victor—of whom many were transported to New England. Cromwell reported that the killed on his side did not exceed twenty men. "The battle of Dunbar," to quote again from our author, "rendered it forever impossible that Scotland should ever attempt to impose upon England a form of ecclesiastical or political government against the will of Englishmen." It also freed Scotland from the yoke of the Covenanters. "The sword of Cromwell at Dunbar," says Gardiner, "was wielded on

behalf of two nations, and, as is often the case, his transcendent service was requited with gratitude by neither."

For nearly a year Cromwell tried in vain to bring another Scottish army to action. Finally in August, 1651, he placed his own force to the north of the Scots, between them and their supplies. They must now either give him battle or, marching southward, arouse England on behalf of Charles II. Such was the alternative presented to the young king. He determined to attempt the latter. The cautious Argyll would have none of it, and withdrew to his Scottish home. The savage exultation with which Cromwell and Harrison saw their foes march to their ruin is known to us. Had it been known to them, they might well have preferred to seek their fate on the edge of the Highlands. Heedless, they marched southward to England, and at Worcester, on the anniversary of Dunbar, Cromwell gained that "crowning mercy" which closed his military career. But of the Worcester campaign nothing need be said. Cromwell then outnumbered his enemies two to one. Indeed, from the moment the Scots turned southward their doom was sealed.

In conclusion, we commend this volume, mainly taken up with military matters, to all students who are interested in the career of the greatest of Englishmen or in the history of warfare.

EDWARD CHANNING.

*A Manual of Public International Law.* By Thomas Alfred Walker. New York, Macmillan & Co., 1895—8vo, xxvii, 244 pp.

Two or three years ago, Mr. Walker, who is a Fellow and Lecturer of Peterhouse, Cambridge, published a series of essays on special topics connected with International Law of decided merit and originality. In the present "Manual" he has covered the whole field of this subject, the first treatise of similar scope to appear in England, if we are not mistaken, since Hall's book in 1884, now in its second edition. There have been other attempts to lay down the law international, but none like this. Both Bluntschli and Field, while codifying the law as it was, added without mark of distinction the law as they thought it should be. For practical guidance, therefore, they are faulty. But Walker in this Manual has based his statement of the existing rules which govern the relations of states almost entirely upon reported cases decided by English and American courts. For practice in the Admiralty courts this would be convenient and to the point; for

a general statement of, or introduction to, the law of nations, however, it gives but one side, that drawn from precedent, neglecting the other side, which is based upon reason, justice and utility. Ever since the time of Grotius writers on this topic have divided into these two classes, followers of precedent and theorists. The ideal treatise is the one which properly unites the two. The Continental writer almost invariably sins on the side of pure theory, spinning laws out of his own brain: the writer who is bred under the Common Law as certainly tends to a blind following of precedent, and Mr. Walker is no exception. This said, we may characterize his manual as a clear, brief, and valuable code of the accepted rules of International Law, sound almost to commonplaceness, and with but two defects to our view, an occasional lack of the sense of proportion and an English bias which to the uninstructed reader might be misleading. A single example, perhaps, may illustrate both of these defects. The Alabama case is certainly one of the *causes célèbres* of his science. Before a court of arbitration and by the judgment of civilized society, Great Britain was certainly declared to have committed an unneutral act making the Alabama's career possible. But Mr. Walker's only reference to the Alabama directly is to illustrate a very different point, her violation of Brazilian sovereignty by operating against certain northern vessels off the Island of Fernando de Noronha.

Mr. Walker's willingness to detect the mote in another's eye is seen in several instances. One is the case of Koszta, too full of detail to relate here, where a U. S. Commander is criticized for the rescue of an Hungarian, an immigrant to this country but not yet naturalized, from Austrian hands in Smyrna. A leading point raised in Koszta's case, that, being under sentence of banishment, his Austrian allegiance, and with it the Austrian claim to punish on neutral soil, had disappeared,—while none other than U. S. citizenship, although not completed, could attach to him, unless he were literally a man without a country, is not touched upon.

Again, at page 41, the U. S. is accused of "a peculiar fluctuation of opinion" in regard to the doctrine of indelible allegiance, the fact being simply that the executive branch of this government has consistently striven for an easy shifting of citizenship, while the judicial branch, until the treaties of 1868-1871, followed English precedent in holding its indelibility.

And on page 163, the charge is made that the U. S. Government in 1870 sold large quantities of war material to France in flagrant violation of its neutrality, "the purchases being shipped directly upon French transports from the state arsenals." Such an act is almost incredible; if true in the bald form stated, it must have formed the subject for German reclamation; probably the action of individuals was ascribed to the state by a misconception of the author.

His desire for brevity or lack of sense of proportion has led to a too cursory treatment of some important topics. To the rights, nature, and duties of diplomatic agents are given six pages, while to the liability to capture of neutral property on an enemy's ship of war or under his convoy, he gives three, though these are very exceptional acts with but one instance known of the latter. The treatment of Blockade occupies six pages, while Pacific Blockade has five pages given to it, and the author shows a curious and unfortunate approval of the practice, unjust to the neutral trader as it is, false in theory, and sanctioned only by the usage of a few strong naval powers during the present century, who have found in it a convenient way of bullying a weaker state into terms of submission.

Another topic whose treatment is disappointing is that of contraband. Emphasizing the statement that no general list of contraband exists which is accepted by all powers, he nowhere lets his reader know that to remedy this defect the majority of powers have agreed upon such lists by their treaties with one another. He also ranks the U. S. with Great Britain as supporting the theory of occasional contraband in provisions, but in this he is mistaken.

And finally, the right of convoy is treated as if it had no present existence, half a page being given to the account of England's severity towards the Baltic powers in their first attempt to secure it. Whereas the action of the two armed neutralities in insisting upon this privilege led to its eventual adoption and present employment under treaty provision, and marks an epoch in the growth of neutral rights.

In spite of occasional flaws like these, the book is a well-made and convenient compendium of the law of nations, sound and accurate in nearly all its statements, and likely to be useful to the general reader.

T. S. WOOLSEY.



*A History of Spain from the Earliest Times to the Death of Ferdinand the Catholic.* By Ulick Ralph Burke, M.A. In two volumes. London, Longmans, Green & Co., and New York, 1895—8vo, xx, 384, and viii, 360 pp.

The lack of good books on the history of Spain in English will apparently soon be supplied. The volumes in the "Story of the Nations" series, though of unequal merit, are better than anything we had before. Swift's "James I. of Aragon" is a good book on an important period. And now we have in these two volumes the medieval history of all the Spanish states down to their final union at the death of Ferdinand in 1516.

The book is not a great one, but it is a good one. It is based on the best Spanish, French and English authorities, but makes use of no German authors not accessible in English. In the Visigothic period, for instance, the author's knowledge of the indispensable work of Dahn seems to be entirely limited to the quotations made from it by Hodgkin, and Dahn is the only German writer I have found referred to in any way. It is not a work of independent investigation which will advance in any important point our knowledge of the history of Spain. Nor has it any graces of style nor striking setting off of facts to attract the general public. It is, however, distinctly the best reference book we yet have in English for the period which it covers. Nearly the whole of the second volume is occupied with the reign of Ferdinand and Isabella.

In one direction the book does nothing to supply our need. In the comparative study of medieval institutions Spain has much to teach us of great value, both by way of comparison and of contrast, though it has hardly been drawn upon as yet. The author has apparently no interest in this side of the subject, and he certainly has no knowledge of general medieval institutions; for example, he evidently considers the provision of the law granting to illegitimate children a right of inheritance in the father's property peculiar to Spain and a result of Moslem influence. But the Lombard law clearly recognized a similar right, and traces of something of the same sort in Roman practices, recognized by the state, if not strictly legal, are to be found in the last days of the Empire. The treatment of municipal government, of the feudal system, and of the peasant class is wholly inadequate, and that of the state constitutions very unsatisfactory. It is political history only which must be looked for in the book.



The publishers' part of the work is hardly up to the level we have been accustomed to expect from them. The printing is poor, typographical errors are frequent, and grammatical errors occur; and the maps are very inferior.

G. B. A.

*Outlines of English Industrial History.* By W. Cunningham, D.D., Fellow and Lecturer of Trinity College, Cambridge, and Tooke Professor of Economic Science in King's College, London; and Ellen A. McArthur, Lecturer of Girton College, Cambridge, and Lecturer to the Cambridge Local Lectures Syndicate. Cambridge Historical Series, edited by G. W. Prothero, Litt. D. New York and London, Macmillan & Co., 1895—xii, 273 pp.

This book is not a mere condensation of Professor Cunningham's two larger works on the Growth of English Industry and Commerce, but it is built upon them as a foundation, and covers somewhat more ground than its title implies, since it treats of commerce, of agriculture, of money, credit, and finance, as well as of industry. The arrangement of subjects is, on the whole, more topical than chronological, but neither method is carried out with perfect consistency. This has involved, in some cases, a little repetition, and in others, the juxtaposition of events widely separated in time. This is often a help rather than a hindrance, especially for readers who are already somewhat acquainted with the subject, and as Dr. Cunningham has already defended, in the *Economic Journal* for September, 1894, a similar peculiarity in his larger work, we must assume that the book is intended for the class of readers to whom this feature is helpful. It is, however, a decided drawback in the case of students to whom the subject is new, as the writer can testify from experience. In so small a book, the space devoted to the different subjects is necessarily limited, but the reader can easily get fuller information from the earlier works of the same author, and, on the whole, the book gives a lucid survey of the growth of the economic life of Great Britain from the first conquest by the English down to the middle of this century.

We can not but regret, however, that a page or two of space could not have been spared for a list of selected authorities, since many students will see the smaller book who have no access to the bibliographies of the larger works. A map or two would also have been very useful. The book is, however, provided with a good index, and with a quintuple chronological table, which puts into parallel columns the dates relating to the five leading topics of the book.

To those who are familiar with his earlier works it is not necessary to say that Dr. Cunningham is throughout careful and judicious, and, perhaps, overcautious in expressing an opinion regarding certain important topics like mercantilism and free trade. But this is certainly better than the opposite extreme of being too ready to generalize, and it is to be hoped that the book will prove to many, that "those who patiently face the fresh difficulties which each new age presents, will find that they can study them more thoroughly and deal with them more wisely, if they do not altogether disdain such help as may be gained from an impartial study of the past."

H. W. F.

*Municipal Home Rule: A Study in Administration.* By Frank J. Goodnow, A.M., LL.B., Professor of Administrative Law in Columbia College. New York and London, Macmillan & Co. (Columbia University Press), 1895—8vo, xxiv, 283 pp.

This book on municipal government in the United States, by Professor Goodnow, a familiar name in the literature of Administrative Law, though of great merit, will not appeal to as general a class of readers as did the chapters on the same subject in Bryce's *American Commonwealth*, or Shaw's *Municipal Government in Great Britain* (reviewed in this magazine in February, 1895, Vol. iii, p. 439). While the two latter may be said to have answered the question what municipal governments are doing in the United States and in Great Britain, Professor Goodnow may be said to answer the question what municipal governments in our country can do and cannot do, and under whose authority. His work, therefore, covers but a part of the municipal problem. It aims to be an analysis of municipal home rule, a topic of very great interest at present, especially to residents of New York, from which city and State most of the illustrations are naturally and properly drawn.

The leading idea of the book is the distinction, among the functions of a city government, between those of a central character, in which the city merely acts as the agent of the State government, and those of a purely local character. In this country we have not yet reached the point of making this distinction. Great Britain, on the contrary, has made it in and since the Act of 1834, and "has subjected the central affairs (in the municipal governments) to a strong central control, which, however, has . . . become administrative rather than legislative, and has, at the

same time, conferred upon the local corporations a very large measure of local autonomy." In the United States, on the other hand, we stand in matters of municipal government about where Great Britain stood before 1834. The sphere of our cities' autonomy and their administrative control by the State legislatures are extremely vague, owing to the inability of the courts to define corporate or municipal or internal as distinguished from central or governmental affairs. A large part of the book is taken up with an examination of the law and its interpretation on this point. The decisions agree on calling local public works, such as sewers and water-works, matters of purely local interest. However, in building a street, it is still a question whether a city is acting as a local corporation or as an agent of government. Moreover, a city fire department "is regarded as an agency of the state government, rather than an agent of the city." The same of the police department, as is also the case in Great Britain, and to some extent on the Continent.

Such considerations naturally lead to the discussion of the power of the State legislatures and the limitations that have been put upon it by Constitutional provisions. And this suggests the distinction between a special and a general act, which plays a prominent part in the recently adopted Constitution of New York. The latter instrument is also further discussed in connection with its provision for a suspensive veto by the authorities of the cities upon all special legislation affecting them.

State legislation to control the liquor traffic in the cities is not touched upon in the book; neither is there any extended mention of the subject of taxation, which furnishes such a strong link between our city and our State governments, one that surely needs inspection and repair, unless it is to be discarded, by separating State from local taxation.

J. C. S.

*The Crusades, the Story of the Latin Kingdom of Jerusalem.* By T. A. Archer and Charles L. Kingsford. New York, G. P. Putnam's Sons. London, T. Fisher Unwin, 1895—12mo, xxx, 467 pp.

There has long been need of a book in English on the Crusades which should give a sketch of the movement as a whole and be founded upon the best present knowledge. The volume by Cox in the "Epochs of History" series, while fairly good, is too short, too much of a general history, and now somewhat out of

date. The attempt made by Mombert last year to supply the lack had much better not have been made. It would have been merely a passable book thirty years ago ; at this date it is worse than useless. It was no doubt the manifest opportunity for a good book on the subject which led to the inclusion of this book, somewhat incongruously, in the "Story of the Nations" series, though it is brought rather violently into line by the sub-title. This restricts the book to those Crusades which had actually to do with the Holy Land, and, as is natural, nearly half the space is occupied with the first Crusade.

According to the original plan, the book was to have been written by Mr. Archer, who is already well known for his studies in the history of the Crusades. His health did not permit him to finish the work, however, but it has had throughout the advantage of his knowledge, and it meets the requirements of the case as well, it is probable, as any book can. It is accurate and interesting—with the exception of some passages which are packed rather too full of facts, is based upon a thorough knowledge of the sources and of recent investigations, and is well proportioned. In their treatment of the legends of the Crusades, like the story of Peter the Hermit, the authors are conservative, almost too conservative indeed, so that the reader who depends on this book alone, though he will know that a given story is doubtful, will often be at a loss to know where the line is to be drawn between fact and fiction. Aside from its accuracy and good information, the strongest part of the book, in comparison with earlier English books, is not in its account of the facts, but in the clearness with which it shows on the one hand the strength of the Crusading state which enabled it to maintain itself so long, and, on the other, the ever-present elements of weakness in the divisions and jealousies which finally led to its downfall.

G. B. A.

*Honest Money.* By Arthur I. Fonda. New York and London, Macmillan & Co., 1895—xii, 207 pp.

*A Scientific Solution of the Money Question.* By Arthur Kitson. Boston, Arena Publishing Co., 1895—xv, 418 pp.

Both of these books have attractive titles, but there is not much else to be said in their favor. Mr. Fonda's is virtually a new plan for establishing a tabular standard of value. But, whereas the system as presented by its earlier advocates, such as Jevons,



did not involve doing away with the use of metallic money, but simply adjusting contracts so as to pay a sum of money having the same purchasing power as the sum contracted for, Mr. Fonda would abolish all metallic money and substitute for it paper.

According to his plan, this paper would be issued by the government, as a loan, to whoever might need it. The government would therefore be in the position of a bank lending its credit, but, instead of containing a promise to pay a specific amount of gold or silver, this paper money would promise to pay a definite value. This would be ascertained in the following manner: Take a certain number of commodities; ascertain their average price during a certain number of years, say five, and the relative extent to which they enter into consumption. Suppose, for example, we have the four articles, wheat, corn, iron, and cotton, and that they enter into consumption in the proportion of  $6\frac{1}{4}$  bushels of wheat to 9 bushels of corn to 200 pounds of iron and 10 pounds of cotton. If the total value of these articles is at a given time \$11, the dollar would be  $\frac{1}{11}$  of the sum of the values of  $6\frac{1}{4}$  bushels of wheat, 9 bushels of corn, 200 pounds of iron, and 10 pounds of cotton. This, then, would be the unit of payment, and this is what the author understands to be honest money which will always have the same purchasing power. But to keep its value uniform, it is necessary to control its volume, and this the government would do by raising the rate of interest when prices are too high, and lowering it when they are too low. The plan does not apparently involve the use of irredeemable paper, for the author states that "the notes could be made redeemable in any commodity at its current market price" (p. 164), but he does not explain how the government is to maintain a sufficient store of commodities to meet all of the demands that might be made upon it.

But, without entering into a criticism of details, such as will readily occur to any one, the fundamental idea that such a plan, even if it could be carried out, would really satisfy anybody seems to us mistaken. In the first place, no proposal is made for including in the tabular standard, on the basis of which the monetary system is to be constructed, anything more than commodities that enter into consumption. Nothing is said about wages or rent. Now these are two very important items in the expenditure of almost every one, and it is quite clear that no expression of average purchasing power which does not take



these into account is complete. Moreover, this author, like many others, seems to put a great deal too much faith in averages. The men of real life are not average men, but individuals, each of whom wants to buy as cheaply and sell as dearly as he can. And if the things that he wants to sell are low in price, while the things that he wants to buy are high, he is not satisfied by being told that "average" prices are unchanged.

Mr. Kitson's book is more ambitious, as the title implies. In fact the title is much too modest. For while the aim of the book is a scientific solution of the money question, the author, *en passant*, demolishes the whole of political economy, which he declares to be "irreconcilable" with ethics. He quotes from many economists, but few of them give him much satisfaction excepting Count Tolstoi and John Ruskin, though occasionally he extracts a crumb of comfort from Mr. McLeod and other authors, who confuse the distinction between credit and money. The taking of interest he regards as morally wrong, not on the old Aristotelian ground that money cannot produce money, but on the much broader ground that abstinence never produces anything. In fact, if we merely abstain from using wealth, it is sure to deteriorate, and, therefore, we ought not to take any reward from another person to whom we allow the use of it (p. 42). Of course, on that ground the livery stable keeper ought not only to take no pay for the use of his horse, but he actually ought to pay the user for exercising him, though the author does not himself draw this conclusion from his premises.

After making *tabula rasa* of political economy, the author proceeds to erect his own scientific structure in its place, the cornerstone of which seems to be that money cannot be any material object, but is simply a numerical expression. Lest we should do injustice to the author, we will give a summary of his plan in his own words: "Since values are ratios between different quantities expressed numerically, it follows that the money must consist of some system of numbers by which these ratios are expressed. By bringing all commodities to an exchangeable equality we find the numbers representing their exchange proportions. By finding the least common multiple for these numbers and dividing it by each, we get the value expressions of all commodities in simple numbers. Since these are whole numbers, unity may be adopted for the common unit, and we have at once the expressions of the purchasing powers of all commodities in terms

of an invariable unit. \* \* \* These units recorded fractionally, singly and in multiples on good paper, issued for debt and made redeemable in all commodities, constitute money in the strict scientific sense. \* \* \* Its units being invariable, it becomes a perfectly safe and scientific standard by which to reckon deferred payments" (p. 171). After such a transcendently scientific exposition of what money really is, we can hardly expect the author to bother himself much about the details by which the scientific plan is to be put into operation. He is teetotally opposed, however, to allowing either the government or the banks to have anything to do with it. "The medium of exchange must necessarily be free from the control of both governments and individuals." (p. 301). The result is, apparently, that each individual must be allowed to make his own money, by "printing on pieces of durable paper of convenient size, single units and multiples of units representing such purchasing power" (p. 152). "The only requisite that such notes need to constitute money is, that the members of the community shall agree to accept them from each other in exchange for products" (p. 153). That is undoubtedly all that is necessary. Just as soon as a community can be found, the members of which will give wheat and iron and other products in exchange for pieces of paper of convenient size printed with units representing purchasing power, this plan can be put into operation. But, unfortunately, mankind are still so unscientific that they prefer pieces of gold, or definite promises to pay such pieces of a "comparatively useless" metal, to general purchasing power, even when printed on paper of convenient size.

The author wisely says regarding his work that "the conclusions arrived at will be found to be utterly at variance with those held by the financial world, and by nearly all who have written or taught anything regarding this subject." (Introduction, p. xv.)

But the confusion of ideas which has led him to bring out our old friend the fiat dollar in a new disguise, is not so very rare. And his book should be a solemn warning to all who can see no difference between a dollar and a promise to pay a dollar.

H. W. F.

*The Slums of Baltimore, Chicago, New York, and Philadelphia.*  
Seventh Special Report of the Commissioner of Labor (Carroll D. Wright). Washington, Government Printing Office, 1894—8vo, 620 pp.

Two years ago the United States Congress authorized an investigation of the "slums" of the fifteen largest cities of the country. The appropriation only sufficed to extend the investigation over a crowded section in each of the cities of New York, Chicago, Philadelphia, and Baltimore. The result of the investigation, which was undertaken in the spring of 1893, has been published in a Special Report of the Commissioner of Labor. The population of the districts canvassed numbered nearly 84,000, or 14 per cent. of the estimated slum population of those cities. In New York only 8 per cent. of that population was reached; in Chicago, 12 per cent.; in Philadelphia, 49 per cent.; and in Baltimore, 72 per cent. Hence, the value of the statistics obtained is, in many particulars, impaired, especially in the two largest cities, owing to the variety of conditions prevailing in them, of which the small sections selected are only an imperfect type. However, the incomplete picture we obtain of the life in the poorest quarters of the cities in question is highly instructive. Its value would, no doubt, have been much enhanced, if the tables had been modelled after those to be found in the "*Statistisches Handbuch der Stadt Berlin*," or the "*Statistisches Jahrbuch Deutscher Städte*," preëminent examples of perspicuous arrangement.

Few of the facts established by the Report will surprise the reader: the preponderance of the foreign-born population in the slums, the relatively much larger number of illiterates than in the city at large, also the preponderance of males over females. The following facts, however, are less generally known: The average size of a family in the slum districts does not differ materially from the average for the cities as a whole. The latter figure for New York is 4.84 persons, in the slums it is 4.90. The fraction of the population that is non-productive, that is, at home or at school, is about the same in the cities at large and in the poorest sections. As to the crowding of the population, the conditions seem to be the worst in New York, as is indicated by the fact that nearly 45 per cent. of the families, or 38 per cent. of the population in the district in question, live in tenements of two rooms each: and nearly a quarter of the population sleep in rooms with no outside window. In the other cities the conditions are better.

The weekly rent paid for tenements, the average earnings of persons in the particular districts—the figure in New York is the lowest—race, nativity, conjugal condition, occupation, and many other items are covered by elaborate tables. It is a pity that mortality statistics are wanting, as well as tables showing the frequency of change of tenement, with which the above-mentioned German works are particularly well supplied, and which would have added materially to the picture of “how the other half lives.”

J. C. S.

*The Evolution of Industry.* By Henry Dyer, C.E., M.A., D. Sc. Honorary Principal, Imperial College of Engineering, Japan; Life Governor, Glasgow and West of Scotland Technical College; Member of the Institution of Naval Architects, etc., etc. New York and London, Macmillan & Co., 1895—xv, 307 pp.

In so small a volume one can hardly expect to find a historical account of the evolution of industry, and Mr. Dyer's book is less a history than a forecast of what he expects will be the industrial evolution of the future. This forecast is based upon a study of the past and of the present, but the historical sections of the book are so very summary as to lead the reader often to doubt whether the author is intending to generalize the whole tendency of a certain movement, or only to sketch its development in England. Many, indeed most, of his historical allusions refer to English experience, and, therefore, are not true universally, and most of his predictions seem to be more applicable to England than to other parts of the world. But his method of study is sound, and his conception of the action of social forces free from the bias with which the writings of so many authors of “collectivist” tendencies have made us familiar. Yet he is ready to do full justice to the good that there is in the socialist ideal. Indeed, some phrases lead us to think that the author might call himself a socialist of a certain type. But he does not believe in the omnipotence of law. “It must always be distinctly remembered, while admitting that legislation may do a great deal for the improvement of the conditions of the workers, that the emancipation of labour is not so much an affair of legislation or agitation as of morals” (p. 59). And he holds that “individualism, coöperation, trade unionism and the various forms of municipal and state control are alike necessary for the social and industrial organization of the future; and although



in some respects they may seem to be opposed, they are all tending to a state of society in which the welfare of all the members will be the chief object kept in view, and under which the conditions will allow, at least in all artistic products, the free play of individuality, and without which there can be no real pleasure to the worker " (p. 218). One of the principal measures for bringing about this ideal he holds to be the organization of "modern industrial guilds," containing both masters and men, providing for technical education, settling or preventing trade disputes, and rendering unnecessary a good deal of factory legislation.

The author takes, on the whole, an optimistic view of the future. Even the "everlasting population question." he seems to think might be solved by "rational arrangements which would prevent the perpetuation of the unfit, and encourage the development of the fit" (p. 302). And he has faith in the power of education to foster the civic virtues. Whether this optimism be quite justified by past experience or not, the hopefulness which pervades the book is certainly refreshing, and the strong, healthy spirit of public service which inspires the author cannot but be useful. We look forward with interest to the publication of his promised second volume.

H. W. F.

*Board of Trade—Labour Department: Report on Agencies and Methods for dealing with the Unemployed.* London, Eyre and Spottiswoode, 1893—438 pp.

*Report of the Massachusetts Board to Investigate the Subject of the Unemployed.* Part I, Relief Measures; Part II, Wayfarers and Tramps; Part III, Public Works; Part IV, Causes; Part V, Final Report. House Document, No. 50. Boston, 1895—About 800 pp.

*Zur Statistik der Arbeitslosigkeit, der Arbeitsvermittlung und der Arbeitslosenversicherung.* Von Dr. Victor Böhmert. Dresden, v. Zahn & Jaensch, 1895—42 pp.

The first of these reports has been two years before the public, and has reflected great credit on Mr. Llewellyn Smith, the English Commissioner for Labour. We may congratulate ourselves that the Massachusetts board of investigation, Messrs. Dewey, Moreland and Perham, have offered a report which for thoroughness of research and soundness of judgment is fully able to stand side by side with its English predecessor. In some respects the Massachusetts report is the better of the two. It was framed in



an emergency when there was great pressure for suggestions as to special relief methods; but, in spite of this difficulty, it does not allow our vision to be obscured by temporary details, and it gives us a clear presentation of the general difficulties underlying the problem at all times and not in the year 1894 only. All of these reports make some attempt to estimate the amount of unemployment, but none of them can be said to do much more than indicate the difficulties involved in such a process. None of the results attained in these reports seem as good as those obtained by the Massachusetts Bureau of Labor Statistics in a special investigation on this subject a few years since. Nor are the causes of unemployment set forth in any helpful fashion. The Massachusetts Board makes some attempt to investigate them, but this is by no means the most successful part of the report. On the contrary, it is occupied chiefly with refuting a number of current fallacies on the subject, which the standard treatises on political economy have already demolished years previously.

The really valuable part of these reports is in their critical examination of remedies. These may be divided into three classes: first, those that seek to *find* work for unemployed; second, those that seek to *create* work for the unemployed; and third, those that aim at the judicious distribution of relief without work.

The attempts to find work are most exhaustively dealt with in the Saxon report, and form the subject matter of three-fourths of its pages. The system of intelligence offices under the direction of semi-public charity organization societies has been in use in Saxony for more than half a century, and the amount of work done by these societies is very considerable. Side by side with these means of information there is an attempt to assist *bona fide* wanderers in the search for work, by lodging and meals. We have not space to go into the details of this project. It is intended for a class wholly different from the American tramp, and perhaps requires for its successful operation a much more efficient police service than most parts of the United States possess. Where matters can be so organized that the genuine seekers for work are separated from the professional vagrant, this system, which is by no means peculiar to Saxony but exists in other parts of Germany, has much to recommend it.

The attempts to create work for those out of employment are chiefly of use for those temporarily deprived of their ordinary

means of support. Even here their usefulness is limited. The Massachusetts report brings out some cases where such men have been employed on public works with advantage to the city as well as to themselves. In general, however, emergency men who have not been specially trained in the construction of public works produce something which is of very low value. The work is chiefly useful as a test of desert rather than as a help to the municipality. There is an additional difficulty with the use of public works as a means of relief, connected with the severity of our winter climate. The season when there is most distress which requires relief is precisely the one when fewest public works can be undertaken with advantage. With regard to proposals for public employment as a means of permanent rather than temporary relief, both the English and the American reports give an unfavorable opinion. Farm colonies may, perhaps, prove valuable as a means of removing from mischief vagrants who are not quite bad enough to be sent to jail; but, as a means of paving the way for future commercial success, either on the part of the individual colonists, or the colony as a whole, they have proved a failure. "They almost invariably tend to become receptacles for those who have suffered inward as well as outward shipwreck." In reading between the lines of these reports, we cannot help seeing that most of those who are permanently out of work under the existing system are those who either cannot or will not contribute to society an equivalent for the products consumed in keeping them alive.

The description of the various agencies for relief without work is perhaps chiefly interesting as showing the proportion played by different agencies in America and in England. Judging by the space given in the report, trade societies form an all-important relief agency in England and a relatively unimportant one in the United States. In fact, it would appear from the American reports, that self-insurance through associations of this kind, on the part of bodies of workmen, has amounted to very little; perhaps because the really provident American workman prefers to insure himself by a deposit in the savings bank rather than by a contribution to a trade or friendly society. Of public insurance we hear but little. The Saxon report contributes the interesting information that the system of labor insurance administered by the City of Bern has been overtaxed by the present emergency and has had to be re-organized on a new basis. Whatever other

provisions may have been made, a very large part of the work in all countries has to be done by charity organizations. The Massachusetts report urges with great force the necessity of having a larger proportion of workmen themselves engaged in the administration of charitable relief. A considerable number of those dealt with by associated charities are the chronic, if not the vicious poor. Constant care has to be taken to prevent imposition. The workmen come to regard this as the chief function of organized charities. They look on a charity organization as inquisitorial, and object to receiving relief at its hands. If a committee could be formed dissociated in the public mind from the effort to apply tests for pauperism, and occupied chiefly with unemployment in the true sense of the word, the Massachusetts committee believes that far more could be accomplished than is done at present.

A. T. H.

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COMMENT.

*African Speculation and American Financial Conditions :  
Restrictions on Bank Note Issues.*

MUCH has been said about the London speculation in South African gold mines; but, as far as we know, there has been very little attempt to connect the facts of this speculation with the course of New York securities and of New York exchange on London. The points made in this article are intended to suggest a connection, rather than to establish it. We do not feel justified in saying exactly how far one of these things has influenced the other; but we feel confident that there has been some connection, and that New York financial conditions cannot be explained without taking it into account.

The industrial conditions of the United States for the past six months have seemed quite favorable to recovery from the depression through which we have passed. The general tone of business men has been hopeful. Crops have been, on the whole, good, but not so good as to cause ruinously low prices. There has been so little railroad building or duplication of manufacturing plant in the last three years, that the danger of cutthroat competition in these lines is not serious. Reorganizations and strikes have brought producers' contracts down to the level which the volume of currency and credit seems to warrant. For a time the New York stock market seemed ready to respond to these influences. But the advance was checked sooner than most operators expected, and much sooner than the history of the correspond-



ing period in 1885-86 would have warranted impartial observers in predicting. It is true that prices are now far above their lowest level in 1893, but most of this gain was made before the time of industrial improvement. It was of the nature of recovery from a financial panic, rather than of any anticipation of a commercial advance. Various explanations have been given to account for the continued low prices of many promising securities. The fear of gold exports is brought into evidence. In a certain way, this is a sufficient explanation. In the present rather precarious condition of the United States Treasury, large exports of gold make the maintenance of parity between different forms of our currency insecure, and render us liable to all the dangers inherent in a fluctuating currency. But this danger of gold exports is itself a thing to be accounted for. Under commercial conditions like those which prevail in America at this season, we usually expect imports rather than exports of gold.

Will not the amount of speculation in London, seconded as it is by capital in other parts of Europe, throw some light on the condition of affairs in Wall Street? Although we do not know how much capital has gone into Kaffirs, the present valuation of such securities, on an avowedly incomplete list made by the *Economist*, was in round numbers one thousand millions of dollars. While only a small part of this represents capital which has actually gone into the gold mining industry, it nevertheless indicates a large diversion of speculative buying from other countries and other lines. If only a quarter of this amount had been applied to American securities, we should have had all the increase in New York stock values which could properly have been expected. A comparatively small number of buyers, by withdrawing from an accustomed market, make the difference between buoyant confidence on the one hand and depression on the other. It is impossible to verify the amount of capital withdrawn from the United States for investment in South Africa, but it is certainly plausible that a boom in African securities should connect itself with a stagnation in American securities.

If this be the true explanation, it accounts for the position of affairs in the foreign exchange market more completely

than any hypothesis which we have yet seen. The balance of trade which affects foreign exchanges is not a balance of exports and imports alone. The amount of securities must be included in the same manner as the amount of goods. If London buys our securities, this counts for the moment as so much increased export. If London does not buy our securities, it has the same effect on the rates of foreign exchange as a corresponding deficiency in the wheat crop or the cotton crop.

The bond syndicate which relieved the United States Treasury from its embarrassments hoped that by so doing it would restore American confidence and credit in such a degree as to make an industrial revival possible. In this respect its expectations proved well founded. It also calculated that, as a result of such revival, there would be a balance of trade in favor of the United States which would enable the syndicate to make a profit on a transaction which involved keeping gold in America instead of transferring it to London. Anything which would have caused considerable shipments of gold from London to New York would have met their needs for carrying this operation to a successful conclusion. It is a matter for fair conjecture, if not for absolute proof, that the demand of London and other European markets for some African securities, diverting as it did an amount of investors' capital away from American channels, has in some measure interfered with these calculations.

It is too soon to predict the outcome. The fall in the price of articles for export would unquestionably create purchases of these articles on foreign account to such a degree as to avoid the immediate danger of gold shipments. The question whose answer affects the future prosperity of the United States and the ultimate profits of the syndicate, is this: Can prices of export products break sufficiently to increase the demand for them on foreign account without crippling the prosperity of those who are engaged in producing them? If the prices of articles like cotton remain too high, we shall not have exports enough to meet the emergency. If they fall too low, we shall lose the business confidence on which our revival of prosperity depends. If there is margin enough

between these to enable us to avoid both of these dangers, the check to the speculation, due to the partial diversion of London demand for American securities, will probably prove to have a wholesome effect in making the development of our industries steady and permanent.

In the preface to his excellent book on *Money and Banking*, which has just been issued, Mr. Horace White expresses an unqualified approval of the principles underlying the banking systems of Scotland and Canada. Mr. White is so high an authority on these subjects, and his detailed statements, as they appear in the body of the book, are so carefully verified, that we cannot help regretting that he should have expressed so unqualified an opinion on a matter which seems, to say the least, seriously open to question. The chief feature of the system thus commended is a right of note issue up to the limit of the capital of a bank, which may be used to meet the needs of borrowers. The exercise of this right in Scotland was much curtailed at the time of Sir Robert Peel's banking act, but it has remained in force in Canada down to the present day.

To a note issue based on the demands for commercial accommodation, and secured chiefly by sharp requirements as to means of redemption, there are certain very serious objections. Even if we grant that such a power is carefully used in ordinary times, and that the security for the notes proves good, it is not a practice which allows the business community much leeway in emergencies. We must remember that the system of credit which serves best in ordinary times may prove an extremely bad one in commercial panics. The very fact that it utilizes the coin reserve of the country to the best advantage under the habitual conditions of trade may leave the country with an inadequate reserve in abnormal times. It cannot be said that either the Scotch or the Canadian banking systems have been tested on this point; for both Scotland and Canada use banking facilities outside of their own immediate boundaries for the part of their business which is most seriously affected by commercial panics.



The English and the American bank note systems are both quite unphilosophical. They make restrictions on note issue whose exact form it is hard to justify on grounds of economic theory. But, at any rate, they make a restriction; and the value of such restriction is shown by experiences like those of England in 1847 or 1857, or of the United States in more recent times. The fact that the public has not used bank notes to anything like the possible limit of safety gives the business community an emergency reserve of credit which can be brought into play when most needed. The suspension of the Bank Act in England, or the issue of clearing-house loan certificates in the United States, has mitigated the pressure of a crisis which would otherwise have brought financial ruin on houses which, from an industrial standpoint, were perfectly sound. Whether such an emergency reserve could be utilized under the Canadian system, seems open to question. The Canadian banks, in an emergency, can make use of the unclaimed rights of circulation appertaining to other banks of the same country. But it is quite possible that this resort would prove inadequate; nor is it thoroughly certain that it would restore public confidence. If people have been using bank credit in the form of deposits, an issue of notes may avert a panic. If they have used as much bank credit as they wished in the form of notes, the only possible emergency reserve would seem to be an issue of legal tender notes by the government. Mr. White himself would most cordially acknowledge how undesirable such action would be.

Looking at the matter in this light, it does not seem as if the slight gain in utilization of commercial credit due to the adoption of the important features of the Canadian banking system, would be sufficient to outweigh its probable danger in emergencies. In the old controversy between the currency and banking systems of note protection, the advocates of the banking system often had a decided theoretical advantage in the argument. But the upholders of the currency system had a practical advantage in being able to abandon their own theories in an emergency, and find a reserve of strength in so doing. It may be true that the

only cases in which the English Bank Act proved beneficial were those when it was violated; but it is of no slight importance to sail on a course which gives you sufficient leeway to let the boat fall off a little when an unforeseen emergency demands it. The resulting line of sailing will not look particularly well on the map, but it would avoid some shipwrecks to which the more mathematically designed course would be exposed.

In correcting the mistakes which undoubtedly exist in the present national bank law, it seems perhaps unwise to accept as a model a system which has not had a wider range of trial than that of Canada, or to base proposals of reform on too narrow a study of legislative experiments. The German system of note issue and bank regulation may not be well adapted in all its details to the needs of the United States; but it certainly deserves more attention from our legislators than it has actually received.



## FREEMAN THE SCHOLAR AND PROFESSOR.

FREEMAN'S scholarship was many-sided. He was an historical geographer, a humanist, a philologist, an archæologist, a specialist in architecture, an accomplished journalist, a literary critic, an historian, and a politician in the best Greek sense. He excelled in everything to which he put his hand. He had a wonderful instinct for following those tracks which led him to definite issues and for avoiding by-paths of "mere literature," philosophy, theology, and natural science. He cared for none of these things, except in a very general way. To be sure, he liked Macaulay's *Lays of Ancient Rome* and could write ballads<sup>1</sup> himself; but he had no admiration for Browning, although he found the poet "quite intelligible in private life." Freeman sometimes read novels when he was sick, and once in Virginia, where he could find nothing else to do, he even read "Ouida." He was fond of Sir Walter Scott's and George Eliot's masterpieces, but never could see what Macaulay found to admire in Jane Austen. "I find there is a feeble kind of interest if you try hard," said Freeman, "but it is not like Adam Bede." Freeman professed the profoundest contempt for Carlyle and his writings: "Old Carlyle, who, after babbling and blundering for thirty and forty years, took upon himself to write some nonsense about early Kings of Norway." The historian never could forgive the essayist for his "unintelligible rant" and for teaching people that "*King* had something to do with canning or cunning." It should be observed in passing that Freeman's contempt and vituperation were sometimes reserved for very strong characters, like Carlyle and Froude, Beaconsfield and Salisbury. We can perhaps explain the man's likes by his dislikes, his virtues by his limitations, his scholarship by his ignorance.

Freeman liked things that are *gründlich*, solid, fundamental, such as geography, old walls, architecture, language, law, history, and politics. He had no wings and wanted

<sup>1</sup> See *Poems, Legendary and Historical*, by E. A. Freeman and G. W. Cox.

none. His head was large and uplifted, but he never struck the stars nor dreamed of cosmos in his philosophy. Theism and atheism were alike inconceivable to him. He could not think the world was without a creator, nor could he imagine a creator. Faith had to come in somewhere, he said, and he thought there was often as much faith of a certain kind in the unbeliever as in the believer. Freeman had no aptitude for theology. He read Butler with some moral profit, but found the judicious Hooker "dreadfully hard." Natural science was not well taught when Freeman was at school and college, but he learned by experience to appreciate the importance of geology, physical geography and climate in the study of history. Acquaintance with Professor Dawkins greatly widened Freeman's historical horizon, so that he finally admitted the significance of the stone age mounds or "tumps," and even recognized that "history has no beginning and no ending." For him the study of history was "the protest of mind against matter in a material age." He thought the rise and fall of empires was a grander sight than the ebb and flow of tides; that the deeds of Pericles were as truly divine creations as the earth itself or the stars of heaven; and that history reveals a moral order and is thus superior to natural science, which reveals simply creative power. Freeman never attained to a large sense of unity or continuity in historic evolution, which explains man's place in nature and the kinship of his laws, morals, and social instincts with those of other animals.

Freeman's interest in history was early kindled. He used to say that he could not remember a time when he was not interested in this subject. Before he began Latin, that is, before he was seven years old, he read Roman and English history with intense pleasure. His parents died in his early childhood, and he was brought up by persons two generations older than himself. To that fact he attributed his early introduction to past politics and present history. He associated with people to whom the American and French Revolutions were living memories. Consequently his first political principles were strongly Tory; but he early became an eclectic with regard to politics beyond the sea. Sympathy

with the modern Greeks and other oppressed nationalities in South-eastern Europe made him a liberal.

At school and college Freeman enjoyed the usual classical training given to English boys. He was clever in making Latin and Greek verses and in imitating the style of various classical writers. He carried on a long correspondence in Latin with a scholarly country clergyman, who corrected his work, and tried to give him a bent towards theology and the Church. Freeman was very religious in his youth and something of an ascetic. He fasted to a limited extent twice in the week, and became well acquainted with ecclesiastical matters. He studied Hebrew and Church History. He read diligently in patristic literature, and sympathized warmly with the Tractarian movement. Freeman's first historical composition of any importance was in 1846 on "The Effects of the Conquest of England by the Normans." He wrote for the Chancellor's prize, but had the good luck not to get it. "Had I got it," he said, "I might have been tempted to think that I knew all about the matter. As it was, I went on and learned something about it."

Freeman's philosophy of history was in no small degree determined by the influence of three of his English contemporaries: (1) Dr. Thomas Arnold, whose Broad Church views he abominated, but whose Oxford lectures taught him that history is man's continuous life in civic society; (2) Sir Francis Palgrave, who found in the continuity of the old Roman empire "the key to the great riddle of general mediæval history"; and (3) George Finlay, who went to Greece in 1823 to aid in the war for independence, and afterwards took to writing the mediæval and modern history of that country for a political purpose. Freeman became a sympathetic correspondent of Finlay, whom he was fond of associating historically with Palgrave. "You always go together in my mind," wrote Freeman to Finlay, January 25, 1858. "I make my historical system out of an union of you two. Between you, you work out the fact that the Roman Empire did not die in 476, but lived on as long as you please after. You do the East, which has been forgotten; he the West, which has been misconceived." From his student

days Freeman was fond of local historical and architectural studies; but Arnold and Palgrave and Finlay gave him ideas of an imperial unity in all his work.<sup>1</sup>

A study of Freeman's life reveals two characteristic ambitions: (1) To become a professor of history at Oxford and (2) to be elected a liberal member of Parliament, and to take an active part in the political life of his country. Although he once thought of taking orders, and even of becoming an architect,<sup>2</sup> he wrote from Oxford in 1846: "My great ambition would be to get one of the History Professorships here." He worked hard for this honor and repeatedly stood as a candidate: first in 1858 for the chair of modern history when vacated by Vaughan, but the choice then fell upon Goldwin Smith; again in 1861 for the Camden professorship of ancient history, which Freeman said he preferred; and again in 1862 for the Chichele professorship of modern history. In December, 1865, Freeman wrote to Dean Hook: "Goldwin Smith will most likely give up his professorship next year, and I want to succeed him." With this object in mind, Freeman began the *History of the Norman Conquest*, and hastened the printing of the first volume in 1866. But his friend Dr. Stubbs, who had succeeded him in the fellowship at Trinity College, now anticipated him in receiving the appointment as Regius Professor of Modern History at Oxford. Freeman had to wait until 1884 before the place came to him through nomination by Gladstone, after Stubbs had been made Bishop of Chester. Academic honor was bestowed upon Freeman too late in life, and he had but little

<sup>1</sup> Freeman wrote to J. A. Doyle, whom he regarded as a kind of historical heir to new world territory: "I am parochially minded; but my parish is a big one, taking in all civilized Europe and America." The great work of his life was to have been a general history of Europe. To this grand object were tributary his extensive and profound studies in Greek and Roman history, and the History of Sicily. Freeman wrote to Professor Torrey in 1887 saying that out of the General Sketch had grown a project for a European History from 776 B. C. to 800 A. D. "So you see I am planning as if I were safe to live as long as Ranke or even Isokratês."

<sup>2</sup> Freeman's strong inclination to architectural studies may be seen in various published volumes, a list of which is given in his bibliography by Dean Stephens.



satisfaction in his new title of "Professor." He wrote to Goldwin Smith: "It is something to succeed Arnold, you, and Stubbs—but I gnash my teeth that I have not had you and Stubbs to my colleagues, and not to my predecessors. Years ago to fill one of the historical chairs at Oxford was my alternative ambition with a seat in Parliament. It seemed for years as if neither would ever come to me: and now at last one has come when I am rather too old for the change."

Freeman wrote to me from Somerleaze, March 16, 1884, the day of his appointment: "I have heard to-day that the Queen has given her formal approval—I have been kept a long time waiting for it—to my appointment as Regius Professor of Modern History at Oxford, instead of Stubbs, now *in transitu* to the bishopric of Chester. But he does not resign just yet; so I don't expect to appear in my new character till after the long vacation. So let nobody call me "Prof." for the present; indeed I shall crave earnestly that nobody may ever call me so at all. Five and twenty years ago to get one of the histo—(Oxford, March 22d)<sup>1</sup>—rical chairs at Oxford was a special object of my ambition; but you may suppose that that has long gone by: I dread the change of life, the worry and flurry of Oxford, and the frightful dilemma of either leaving my own home, which I am very fond of, or else keeping up two houses, which is costly business."

He seemed to realize that Somerleaze was a better place for him than Oxford. He wrote to me regarding Somerleaze, July 26, 1884: "I don't fancy I shall ever look on any other place as my home, and I don't know [how] soon I may be driven back to it by sheer worry, not so much of work as of the racket of the place where there are crowds of people and where one must live more or less according to rule, after living for thirty-seven years in perfect quiet and doing exactly as I choose."

The following portion of a letter, written to me from Trinity College, Oxford, October 19, 1884, contains a good

<sup>1</sup> The above example illustrates Freeman's curious habit of breaking off his letters in the middle of a word and continuing after a fresh date.



account of Freeman's return to academic life and describes the nature of his work: "Here I am gone back to my youth for a season. I am to have a house and to bring up my household to it in January: as yet, for this term, I have gone into rooms in college, as if I were forty years younger. I don't know whether you know enough of our college system (so unlike anything either in Germany or America) to take in the full grotesqueness of my position. Trinity is my old college, of which I was first scholar and then fellow 1841-7. I have kept my name on ever since, and three or four years back they were good enough to make me *Honorary Fellow*, which makes me *a fellow to look at*, though of course without income or vote. But to my professorship—to which, please to remember I was not formally appointed till October 7th—is attached a real fellowship of Oriel, with income, vote, and everything—no, not everything—for Oriel has not given me rooms and Trinity has. So I am living in the college of which (October 26th) I am only an Honorary Fellow and pay for my dinner, not in that of which I am a real Fellow and get half-a-crown towards each dinner I eat. So I go to and fro between the two, besides dinners in other places. I gave my inaugural lecture on Oct. 15, to a capital audience. I was nearly Irish enough to add, including many who were heard back. 'Tis a printing, and you shall have it when it is out. Then I lecture every Wednesday in public on the Methods of Historical Study, which seem to go down very well, specially when it gets pitch dark (as the hour is changed to 4.30), and people cheer (a somewhat irregular and dangerous practice, as the right to cheer implies the right to hiss) out of the thick darkness. And on Wednesdays and Fridays I have my Greg. of Tours class to my rooms, about a dozen. I can't keep on at this rate always, but ἀρχομένους έργου πρόσωπον χρῆθ' ἔμεν τηλαυγές. I am here till about December 7th, then go home by a roundabout way, as I have to make a talk at Hull, and start again here in the middle of January. I am bound to be in Oxford six months of each year and to give forty-two lectures yearly."

Freeman was not altogether sympathetic with college students. He understood little, and cared less for modern

academic ways. The following extract from a letter to me, written in January, 1888, reveals no doubt his honest opinions of "Seminaries," college boys or "lads," and "University Extension": "The *Seminar*—I never could understand the sense of the name—set up by Brearley<sup>1</sup> must be something very different from the German original. Here they meet, put somebody, me or any other, in the chair, read a paper, and talk about it. There is an Ancient History *Society* and a Modern History *Seminar*, and I never could understand why they are not rolled into one; but it is some of their silly 'specialism.' The German one must be frightfully hard work (January 3rd) for all concerned. I should be very sorry to waste so much time on lads, as I suppose it is lads; but I do greatly want some lad or somebody to spend (not to waste) some time on me, to look out references, find out things and do this and that. Don't you German swells have somebody of that kind? Also some of you have sent me a crib of Paul Frédéricq. He was very funny in French, and is yet funnier in English; the touches about Gardiner's pocket-handkerchief and Stubbs' white hair are perfect. Did he see either Earle or Owen, yet more picturesque objects? Then I see you discourse about University Extension; so perhaps you know what it means; I don't know in the least. There is some dodge of Jowett's or somebodys for sending people about to lecture hither and thither. I suppose it is good or bad, according as the subjects and the lecturers are good or bad; but why it is called 'University Extension' I have no notion. But then I have no notion why anything is called anything nowadays, from Im—(January 8th)—perial Federation and all that downwards. I should have thought that the best piece of University Extension done in Middle England for some ages was the foundation of the University of Manchester—so I like to call it rather than that pitiful toady title of 'Victoria University, Manchester.' I hope it may drop out; one does not always say *Georgia Augusta* when one speaks of Goettingen."

<sup>1</sup> Brearley was a Harvard graduate who was sometime at Oxford and afterwards founded a girls' school in New York.

Freeman quickly wearied of Oxford. Board meetings were tiresome. Lecture-writing was also a bore. Moreover, he did not draw an audience. His biographer says: "His predecessor, Bishop Stubbs, had undergone a similar experience, and it is a curious fact that the lectures of two of the most learned historians in Europe, replete as they were with learning, and often enlivened with witty and humorous remarks, were delivered for the most part to very empty benches." Probably Freeman did not understand young Oxford, or sufficiently consider times and men as did his successor Froude, whom he never appreciated. Froude's success at Oxford was quickly determined by the vital interest of his lectures on "Erasmus" and "English Seamen in the Sixteenth Century," and by the wonderful charm of his style. Before reaching a conclusion as to the justice of "Froude-smiting," one should read Froude's published lectures, re-read his "Short Studies on Great Subjects," and compare that literary work with Freeman's published courses and historical essays.

Freeman was pre-eminently an historical geographer. His published work in this field will probably long remain the best in the English world. His interest in the subject was awakened when he was a child by views from an English hill-top over wide areas of historical landscape. From his youth up he was interested in boundaries, in maps, and map-making. His writings upon English history are all based upon exact local studies of English topography. He extended his local observations to Normandy, France, Italy, Dalmatia, Greece, Sicily, and Spain. From first to last he was under the same irresistible impulse to see with his own eyes places of historical interest and to describe them minutely for the benefit of his countrymen. He studied local history in order to make it tributary to national and European history. He did for the historical geography of Europe what Karl Ritter did for geography in general. Freeman's design, says his biographer, "involved writing the whole history of Europe in its geographical aspect from the earliest times, including the development of Greece and the Greek colonies, the origin, expansion, and dismember-



ment of the Roman Empire, the formation of the modern States of Europe, and the endless shiftings of their boundaries down to the year 1878." The second edition of the work shows the changes in the political geography of South-eastern Europe down to 1881.

Freeman was disappointed in his political ambitions; but it was a kind fate that kept him at his scholarly work, in his own home, for the greater part of his life. He was obviously unfitted by nature for the career either of a politician or of a university professor. He was not sufficiently adaptable to new times and new men to suit the progressive needs of his day and generation. He judged the present too severely by the past. He often applied archaic standards of measurement to living issues. He worried himself and others over the use of mere words like "Anglo-Saxon" and "Imperial." The antiquarian and historical side of things was sometimes to him of greater moment than present facts and inevitable tendencies. He was too fond of advocating political reforms by going backwards to English origins and first principles.

A quiet, meditative life in the country, amid his own books, his family, and rural surroundings was undoubtedly better suited to Freeman's domestic nature than public or academic life would have been, and he knew it.<sup>1</sup> He hated the big town of London and "the worry and flurry of Oxford." He was never at home except at "Somerleaze," near the city Wells in Somerset, on the old West Saxon frontier, still a parish boundary. The country squire was the historic type of Englishman that he most resembled, although he was a declared enemy of all fox-hunting and bird-shooting. He was a local magistrate, and faithfully discharged all the duties of his office even against poachers. He thought that his experience in local government gave him a better understanding of the practical politics of past times.

Freeman doubtless enjoyed "stumping" the middle division of his county in 1868, although he was beaten in the

<sup>1</sup> Freeman once said regarding a seat in Parliament: "I wish for it, but I know it would be a great nuisance; I am glad to be out of it, and yet I am disappointed not to get it."

election by a Tory candidate. The historian naturally rejoiced in the confidence of the liberal party, who subscribed \$5,000 for his campaign expenses. He made many good speeches full of historical allusions and learned jokes. He even composed a ballad called "The March of the Men of Wedmore," to make fun of the Tories of that place, who had driven him and his fellow candidate from the hustings by throwing potatoes and rotten eggs. Freeman regarded himself as a pretty fair stump speaker. Probably the best addresses which he gave in America were extemporaneous talks to students at the Johns Hopkins University on the History and Politics of South-eastern Europe. When complimented upon his eloquence, Freeman said proudly: "I have been on the stump in Mid Somerset." He doubtless yearned at times "to come forth in the sight of men, make a speech, knock down a Jew, or anything that might be for the public good," but he was usually restrained.

Freeman was most successful in public when he appeared before the Archæological Institute or some local historical society at a field meeting, perhaps upon an ancient battle ground, there to read an elaborate address. Portions of his History of the Norman Conquest were first presented in this way at open-air folk-motes. Much of his prose writing is best understood as historical oratory. Freeman once said, "I always think how a piece of prose will sound, just as much as if it were verse." He knew from experience that his own writings had more effect when read aloud. One would like to have heard Freeman read a chapter of the Norman Conquest on the battle-ground of Senlac. Mr. G. T. Clark, an English archæologist, quoted by Mr. Bryce, says: "Freeman was always at his best in the field. It was then that the full force of his personality came into play: his sturdy, upright figure, sharp-cut features, flowing beard, well modulated voice, clear enunciation, and fluent incisive speech. None who have heard him hold forth from the steps of some churchyard cross, or from the top stone of some half-demolished cromlech, can ever cease to have a vivid recollection of both the orator and his theme."



Freeman needed an historical environment and a sympathetic audience. In England he was upon his own ground. He did not understand American audiences, nor they him. He was much annoyed by unfavorable newspaper comments upon his style of lecturing in America. In a letter to me written from Somerleaze, February 11, 1883, he said: "There is a charge against me in some of the papers that puzzled me. My lectures were 'spoiled by my delivery.' I am 'a poorer reader even than Mr. Froude.' I have no kind of notion whether Froude reads well or ill; but I had always rather piqued myself on my reading out clearly and vigorously, and I fancy that most people think so. I gather from Goldwin [Smith] that some of them expected me to kick about like a stage-player, which I certainly was not likely to do, nor, I suppose, Froude either."

In Freeman's historical essays and political articles, contributed to English magazines, reviews, and newspapers, he lectured to a larger public than Oxford halls could have furnished. He had a wider and more attentive hearing than even Parliament would have given him. A careful examination of the partial bibliography of Freeman's writings, at the end of his *Life and Letters*, will show that no active college professor or regular university lecturer, no busy man in public life, could possibly have produced such an extraordinary number and variety of scholarly works and timely contributions to historical and political knowledge. Freeman enjoyed at "Somerleaze" most favorable conditions for literary work. The best publishers in England issued his books. The old quarterlies and the newer magazines—the *Fortnightly Review*, the *Contemporary*, the *Nineteenth Century*, the *Forum* and the *North American Review* and many other periodicals—gave international currency to his opinions. He became an acknowledged authority upon the Eastern Question, the recognized champion of Greece and of the Danube provinces, and of all oppressed Christian nationalities. He advocated Dis-establishment and Home Rule, but defended the historic rights of the Church of England and of Great Britain. Gladstone and the Liberal party ever found in Freeman a staunch friend and upholder.

He did more with his pen than he could have done with his voice or his vote. The scholar, in his case at least, was more powerful out of politics.

Freeman's lifelong work as a journalist is not fully appreciated in America. He was always writing for weekly journals and newspapers. For the *Saturday Review* alone, from the year 1860 to 1869, he wrote 391 reviews and 332 miscellaneous articles called "Middles," because they are placed between the editorial notes on current politics and book notices. In one year, 1862, he wrote fifty-two "Middles" and forty-four "Reviews." At the same time he was writing for a newspaper called the *Guardian* and for all the great Quarterlies. And it was within this same period, in fact from 1865 to 1869, that he began and finished his History of the Norman Conquest in five large volumes, besides writing (1861-63) his History of Federal Government, which was suggested by the "disruption of the United States." Freeman once explained to me by letter his use of this word: "I can only say that there was a 'disruption' of the American Union, as there was of the Achaian Union. The fact that both were put together again does not wipe out the fact that there had been disruption."

There was often something of journalistic enterprise in the timeliness of Freeman's contributions to history and politics. He was an opportunist in all his travels and observations. His frequent tramps and archæological excursions through England, France and Italy bore rich fruit in articles for the *Saturday Review* and other journals as well as in his own books, especially in his wonderful "Historical Geography," which in some respects is the best, the most useful, and the most characteristic work of his life. Freeman's multitudinous articles were written of course for income, but not for income only. He put honest work and a good conscience into everything he did. The best proof of his devotion to principle is seen in the fact that he voluntarily severed his relations with the *Saturday Review* because it was on the Tory side of the Eastern question. He sacrificed \$3,500 yearly income to his hatred of Turks and his love of liberty.

Nothing in Mr. Freeman's career is more remarkable than the productivity of his old age, after his call to Oxford in 1884. Besides his published lectures on the Office of the Historical Professor, Methods of Historical Study, Chief Periods of European History, Fifty Years of European History, and Teutonic Conquest in Gaul and Britain, Greater Greece and Greater Britain, and George Washington the Expander of England, he wrote the volume on Exeter and edited the series called Historic Towns. He wrote also William the Conqueror for Macmillan's Twelve English Statesmen. He collected his Sketches from French Travel and his Studies of Travel in Greece and Italy. He wrote at Palermo in 1887, without any books of reference, that masterly sketch of English architecture in Baedeker's Handbook of Great Britain. He finished his "Little Sicily" for Putnam's series, Story of the Nations, and four volumes of his greater work History of Sicily from the Earliest Times. Besides launching all these books, he made some of his best contributions to periodical literature. From 1885 to 1890 he wrote no less than eighty articles and reviews for English and American periodicals. To Macmillan's Magazine he gave his views on (1) Compulsory Greek and (2) Finland. For the Fortnightly he wrote: (1) Prospects of Home Rule; (2) House of Lords and County Councils; (3) the House of Habsburg in South-east Europe; and (4) Parallels to Irish Home Rule. For the Contemporary Review: (1) The House of Lords; (2) Greek Cities and Roman Rule; (3) Bulgaria and Servia; (4) Things, Names, and Letters; (5) Some Aspects of Home Rule; (6) Perigueux and Cahors; (7) Oxford after Forty Years; (8) Literature and Language; (9) Sicilian Travel; (10) Christianity and the Geocentric System; (11) Origin of the English; (12) Carthage; (13) Ancient Church Endowments; and (14) Greek in the Universities. To the North American Review he contributed an interesting article on English Universities and Colleges. By request he wrote for The Chautauquan: (1) Intellectual Development of the English People (eight articles); (2) England in the Eighteenth Century; and (3) Progress in the Nineteenth Century.



Freeman's last years were troubled by sickness and many discouragements, but he held bravely on, like the old historian Ranke, doing his daily work in spite of bodily discomfort. A distressing cough and shortness of breath compelled him to spend his winters in southern climes. He made three long sojourns in Sicily, chiefly at Syracuse and Palermo, between the years 1886 and 1890. Following his life-long habit of exploring places of historic interest, he travelled about the island, and thoroughly mastered its historical geography. He was especially interested in Sicily as the old battle-ground of Aryan and Semitic races, the land of many nations, Sikels, Phœnicians, Greeks, Carthaginians, Romans, Vandals, Goths, Byzantines, Greeks, Saracens, Normans, French, Spaniards, and Italians. He intended to bring his work down to 1250 A.D. It was to be a grander, more oecumenical work than his *Norman Conquest*.

The old historian enjoyed wandering and writing in Sicily far better than lecturing at Oxford, and he liked his own home at Somerleaze better than either travel or academic life. He wrote to me from Oxford in 1888: "I don't like the life here." In February, 1891, he said: "I am a-weary of all this professing, and I shall be glad to give it up at the first moment I can." In March of the same year he wrote: "I am thoroughly tired of this place and everything in it. It is all so disappointing and disheartening. I have tried every kind of lecture I can think of, and put my best strength into all, but nobody comes. And all the petty things that turn up are just enough to disturb one's own steady work without awakening any interest."

A brighter view of Freeman's work at Oxford is seen in a letter to Goldwin Smith in 1888: "The professorship has been useful in this way, that it has set me on a more minute study of some things, and I further find that writing and lecturing help and influence one another. What I lecture about I write about, and the other way. So I am doing Franks and Sicily side by side, besides revising *Norman Conquest* and other things." Freeman had his moments of despondency, when he was tempted to think that he had

done no good whatever in his day and generation. "But ever and anon signs turn up, sometimes in odd quarters," he wrote to Doyle in 1889. "And when I come to such a bit as yours about citizen soldiers, from Harold to Washington, I am comforted a bit, and I think I have influenced Fiske, whose books have pleased."

Freeman's last magazine article was entitled "A Review of My Opinions." It was published in *The Forum*, April, 1892, the month after Freeman's death, and contains the best summary of his life. In conclusion he says: "It is that chance proverb of mine which the historical students of Johns Hopkins have honored me by setting up over their library—it is by the application which I have made of it both to the events of the remotest times and to the events which I have seen happen in the course of sixty-nine years, that I would fain have my life and my writings judged."

A portrait of Freeman has been placed in the hall of Trinity College, Oxford. A picture of Freeman wearing his Oxford cap and gown appeared in *The Review of Reviews*, May, 1892, together with a copy of the photograph made by Cummins in Baltimore ten years before. A copy of the Baltimore picture appeared also in the *New England Magazine*, July, 1892, in connection with William Clarke's valuable article upon Freeman, from an English point of view. An excellent photograph of Freeman was made at Ithaca, New York, and a large crayon copy now hangs in one of the historical lecture-rooms at the Johns Hopkins University. By the side of Freeman's portrait has recently been placed an admirable likeness of Froude, published by the *London Illustrated News* soon after his death. The same, or a similar likeness, appeared in *The Review of Reviews*, June, 1892, just after his appointment as professor at Oxford. In Baltimore the intimate association of the two English historians will serve perhaps, as did their close succession to the same chair of history at Oxford, to restore in some measure the academic unity of two great publicists and teachers who, while differing in many ways, were really agreed in their ethical views of history and politics; "Justice and truth alone endure and live."

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## AN INTEROCEANIC CANAL IN THE LIGHT OF PRECEDENT.

**S**OONER or later, by private enterprise or by national aid, it is likely that some portion of the Central American isthmus will be crossed by a ship canal joining the oceans. The vast importance of such a waterway to the world's commerce, its vast importance particularly in the development of the United States, needs no demonstration. To enable an interoceanic canal, however, to attain its highest usefulness; to make for it a sure passageway for the flags of all nations, unblocked in war, secure from the vicissitudes of semi-tropical politics; to use it as not abusing it;—this is a problem which demands study and statesmanship.

To show, if it may be, that the neutralization of such a canal under the guaranty of the chief commercial powers, is the status most in accordance with precedent and history and our own policy, is the object of this paper.

The international status of an interoceanic canal is a question of much perplexity upon which the history of the past throws but a partial light. Such a canal is not a mere strait like the Dardanelles, the Danish Sounds or the channel of Magellan, naturally formed and indestructible. Exclusive jurisdiction over these waters as a matter of right has never been conceded by the United States, and their passage is now free to all nations.

On the other hand, it is, in theory at least, entirely subject to the sovereignty and control of the state within whose jurisdiction it lies. For example, the North Sea Canal in Germany, or, if constructed, the ship canal across southwestern France from the Garonne to the Mediterranean, will be controlled by those countries alone. Other states may insist upon a commercial use on the footing of the most favored nation. But they cannot prevent an exclusive military use by the possessory government.

There is, however, a vital difference between such canals as these and the interoceanic variety, analogous though they

are. The former are built, guarded, managed by agencies of their own nationality, all adequate to the purpose. The latter, in point of fact, must lack every one of these characteristics. No country through which an interoceanic canal has been proposed, can itself afford the capital for its construction. Its military and naval strength are inadequate for protection. Without sure protection, neither management nor construction would be practicable, for capital is timid. As compared with the simple status of the North Sea Canal, notice therefore the complex character of one across Panama or Nicaragua. The elements of complexity are three.

A weak state granting the concession, without capital or credit or military power.

A foreign construction company, dependent upon its chartering government for that security and permanence which are its very breath of life.

A treaty, between the givers of concession and of charter, which authorizes the work and grants to the chartering power the rights under which it acts. Here are limitations upon the jurisdiction of the sovereign on every hand, limitations, too, which may be capable of indefinite expansion under pressure. And this danger introduces a fourth element into the problem. No commercial state can afford, in justice to its own commerce, to permit that commerce in its use of such a canal to suffer any, even the least, discrimination against it. Nor will any one state permit another, save as the result of necessity, the military use of such a canal, from which use it is itself debarred. Contrary as they are to the free, liberal, enlightened spirit of our time, such exclusive rights can only be the result of major force. Both the states in question, therefore, the one conceding the right to dig a canal, and the other chartering and protecting the company for its construction, must be ready to give appropriate guaranties of equal rights to all other interested states.

The problem restated, then, is this. How can an interoceanic canal be constructed and administered, securely and continuously, when the resources of the state in which it lies are inadequate to the purpose? Towards the solution of this problem are presented here those historical precedents which

seem to bear upon it. And foremost should be studied the Suez Canal, the only interoceanic waterway in existence which presents the features described.

The Suez Canal was dug by a French company under a concession from the Khedive of 1856, confirmed by the Sultan, his suzerain. Article XIV of this concession embodied a formal declaration that the canal should be always open as a neutral passageway to merchant ships of every nationality. But this was clearly insufficient. For Egypt, even with the possible backing of Turkey, was too weak to make the declaration good. A much stronger guaranty was needed for its effectiveness. Moreover, nothing prevented Turkey in case of war from blocking the canal or even breaking it. The world's commerce was not guaranteed against the guarantor. For the security of this commerce, an European concert was needed. What shape should this take?

Twenty years before a spade was struck into the sands of Suez, Prince Metternich had answered this question. In 1838 Mohammed Ali had asked his opinion in regard to a Suez Canal project and received this reply: that if he wished to secure the accomplishment of his plan he should look to a neutralization of the canal by an European treaty. On this line the solution of the problem has been worked out, not without difficulties. The first step was taken in 1873. At Constantinople, in December of that year, was signed an agreement that the Suez Canal should be open to transports and ships of war of all signatories alike. Accepted by Turkey and the Canal Company, this act was acceded to by nearly all the European powers, including Russia. Thus the principle of European control was initiated.

In 1877 came the war between Russia and Turkey. It was of the greatest importance to commerce that the canal should be free from its operations. To this end Great Britain issued a declaration, that any attempt to blockade the canal or its approaches would be regarded as a menace to India and an injury to the commerce of the world, which would compel the abandonment of British neutrality. This threat drew from Prince Gortschakoff the announcement that Russia desired neither to interrupt nor threaten the canal's naviga-



tion, but, on the contrary, considered it an international enterprise, affecting the world's commerce, which must remain free from all attack.

The Arabi outbreak in 1882 threatened the security of the canal still more seriously, and proved even more forcibly the insufficiency of a merely Egyptian guaranty—the necessity of European control. France timidly declined the responsibilities of joint occupation, and thereby lost her share in the dual control. Great Britain shelled the insurgents out of Alexandria, occupied the canal as a base and defeated Arabi's forces, acting throughout at the request of the Khedive. Her subsequent occupation of Egypt *without* the urgent solicitation of the Khedive, is another matter having a bearing upon the protection of the canal but not upon its international status. It was induced rather by the English ownership of Egyptian bonds, and by the threatening rise of a fanatical invader out of the deserts. By those who are always suspicious of England's good faith, her renunciation of sole control of the canal, while occupying Egypt, is a fact to be pondered.

Nor did the purchase of canal shares by the British Government give it additional political rights. Were the Emperor of Germany to own a thousand square miles of land in Texas, it would none the less be subject solely to the sovereignty and jurisdiction of the State and the nation. So in the Suez Canal the jurisdiction of the sovereign was not qualified by English financial control. The relations of state and corporation were laid down by the concession under which the English Government enjoyed rights in common with other shareholders. And this would be true in our own case were the United States to lend its credit to a Nicaragua Canal. Rights in the line of management would be gained thereby, but the political status would not be affected.

In the case of Suez this status was not yet definitely and satisfactorily determined. By force of circumstances Great Britain had assumed, single-handed, responsibilities which properly belonged to Europe, and which she desired Europe to assume. An invitation to the powers with this end in view in 1883 remained unaccepted for two years. Then, in

1885, a commission representing ten states met in Paris to draw up for consideration an international act which should offer a definite form of control, capable of guaranteeing at all times and for all powers the free use of the Suez Canal.

This was the basis upon which was built up the Convention of Constantinople of 1887. Its conditions are briefly these :

The Suez Canal shall forever be free and open, in time of war as well as in times of peace, to the vessels, whether merchantmen or men-of-war, of all nations.

Neither it nor its approaches to the distance of three marine miles shall ever be blockaded.

The canal itself, the various works connected with it, and the Sweetwater Canal, which furnishes its fresh water supply, shall ever be inviolable.

No act of war shall take place upon it, though belligerent ships may be using it, and a twenty-four hours interval shall elapse between the departures of hostile ships from either terminal.

No troops or material of war shall be landed along it, and no ships of a belligerent shall be stationed in its ports, but neutral states may maintain not to exceed two ships of war each for its protection.

When, in the opinion of the representatives of the powers in Egypt, the security of the canal is threatened, the government of the Khedive shall first be called upon for its protection. Failing this, the Porte shall have the duty of treaty execution laid upon it, and if Turkey should prove unequal to the task the signatory powers shall act in concert with her.

No permanent fortifications are permitted.

No contracting power shall enjoy special territorial or commercial advantages in it.

The sovereignty shall reside, as before, in Turkey.

The accession of as many powers as possible shall be secured to this treaty.

These stipulations have been agreed to by Austria, France, Great Britain, Germany, Holland, Italy, Spain and possibly others. Russia and Turkey held aloof, but in 1888 Turkey



yielded to pressure and acceded. The present status of the Suez Canal, therefore, is that of neutrality guaranteed and protected by the leading powers of Europe with the exception of Russia.

The details of this arrangement have been given at some length since they furnish the most valuable, in fact the only, precedent for the settlement of similar questions elsewhere, a settlement, it is right to add, which has not yet borne the test of war.

In our own diplomacy, there is abundant proof that for the most part similar ideals have prevailed.

Five routes have been proposed for a canal across the Central American isthmus. These are, in the order of southing, the Tehuantepec route in Mexico; the Honduras route; the Nicaragua route along the San Juan river and the lakes; the Panama route; the Darien or Atrato route—these two last lying in the territory of the United States of Colombia.

Of these five the two first were impracticable; our treaties with their sovereign states therefore touch upon railway, not canal transit. The treaties negotiated by the United States which *do* relate to interoceanic canals and their status are three; with New Granada, now the United States of Colombia, in 1846; with Great Britain in 1850; with Nicaragua in 1867. The provisions of these treaties relating to a canal are here summarized.

I. The United States and New Granada, 1846. Art. XXV.

Commerce of the United States crossing the isthmus of Panama is put on an equal footing as to tolls, duties, or other charges, with the merchandize of New Granada. Any transit route constructed shall be always free and open to the United States. In return, and to render these rights secure, the United States "guarantee positively and efficaciously to New Granada by the present stipulation, the perfect neutrality of the before-mentioned isthmus, with the view that the free transit from the one to the other sea may not be interrupted or embarrassed in any future time while this treaty exists; and in consequence, the United States also guarantee in the same manner the rights of sovereignty and property which New Granada has and possesses over the said territory."

This treaty is still in force, but may be terminated by either party on twelve months' notice. Under this guaranty the Panama Railway was built and operated, and the United States has in fact landed troops for its protection.

II. The United States and Great Britain, 1850, commonly known as the Clayton-Bulwer treaty.

This primarily sets forth the views and intentions of the contracting powers "with reference to any means of communication by ship canal which may be constructed between the Atlantic and Pacific oceans, by the way of the river San Juan de Nicaragua, and either or both of the lakes of Nicaragua or Managua." In the second place it lays down a general principle. Its main provisions are as follows :

Each government declares that it will never "obtain or maintain for itself any exclusive control over the said ship canal," nor fortify the same, nor acquire any exclusive privileges in it, nor fortify, colonize, or exercise dominion over any portion of Central America.

The canal in case of war shall be free from blockade to an indefinite distance from its terminals.

It shall be under the joint protection of the two governments and its neutrality shall be guaranteed, that it may be forever free and open.

All other states shall be asked to enter into similar engagements. And this is not only a specific contract, but a general principle for the protection of any other practicable communications by rail or by canal across the isthmus. Comment on this much abused and much debated treaty is reserved for another paper.

III. The United States and Nicaragua, 1867. Arts. XIV, XV.

This grants to the United States and its citizens the right of transit across Nicaragua from ocean to ocean, on any route of communication, natural or artificial, by land or water, which may be constructed, on equal terms with itself. All rights of sovereignty are reserved.

"The United States hereby agree to extend their protection to all such routes of communication as aforesaid, and to guaranty the neutrality and innocent use of the same. They

also agree to employ their influence with other nations to induce them to guaranty such neutrality and protection. Free transit is granted United States troops and ships under conditions. After protection, when necessary, has been afforded by United States troops, they must be withdrawn."

Terminable at twelve months' notice.

One common feature runs through all these treaties, that whatever canal is built shall be neutralized; that is, exempted in some way from all the operations of war. The same idea appears in the agreement between the United States of Columbia and Lieut. Wyse, acting for the French Panama Canal Co. By Art. V. of this instrument the "Government of the Republic declares neutral in all times the ports of both extremities of the canal and the waters of the latter from one ocean to the other," but forbids the passage of the war ships of its enemies unless they have gained the right by treaty.

When we ask, however, how this neutralization is to be secured, there is a lack of uniformity. In the case of De Lesseps' Panama Canal, it was declared by the sovereign of the country. The Panama Canal of 1846 was to owe its neutrality to the United States alone. Our treaties of 1850 and 1867, just cited, contemplate a neutralization joined in by other powers, that is, a general concert of nations.

This remained our policy until about 1880. With the beginning of work by De Lesseps at Panama came a change. Secretaries Blaine and Frelinghuysen argued for a neutralization to be undertaken by the United States exclusively, and finding the Clayton-Bulwer treaty in the way of this pretension, attacked that. Mr. Blaine said it needed modification; Mr. Frelinghuysen called it voidable; both by implication admitted its existence. It is true that the Clayton-Bulwer treaty left a string of misunderstandings behind it. It was entirely satisfactory to neither party. But what cannot be denied—and this is emphasized here—is the fact that throughout the entire history of this country's attitude towards a Central American canal, the neutralization of that canal has been held desirable, a status to be effected some-

times by the sovereign of the route, sometimes by the United States alone, more often by many states acting together.

As in the case of Egypt and the Suez Canal, neutralization by the sovereign solely is not strong enough to build on and to build under. So that really the choice must lie between a neutral status guaranteed by the United States alone, and one guaranteed by many commercial powers. To the former policy there are two very serious objections. The first is this. A guaranty of neutrality by a single state in the nature of things cannot be effective. You may *protect* in case of *attack*, but you cannot neutralize. The guaranty of the neutrality of a state is a guaranty that it shall not be a combatant in war, nor be affected by its operations. As against the guarantor this is good; as against all third powers it is worthless. For how can one state prevent another from the exercise of its sovereignty, of which the right to make war is an important feature.

In Wharton's Digest of the International Law of the United States this view is clearly presented. [Last paragraph § 145.] "Neutralization is the assignment to a particular territory or territorial water of such a quality of permanent neutrality in respect to all future wars as will protect it from foreign belligerent disturbance. This quality can only be impressed by the action of the great powers by whom civilized wars are waged and by whose joint interposition such wars could be averted. As the neutrality of the isthmus is by the convention before us [with New Granada 1846] guaranteed only by the United States, it is not a neutralization in the above sense, but only a pledge and guarantee of protection." And again and more specifically, the United States do not possess and could not raise for a considerable time ships and men enough to make its sole guaranty of the neutrality of a Central American state or of the waters of a Central American canal good against all assailants. It is easy to say that the power of this great country is illimitable. That may be true. But to translate this power into ironclads requires a change of national policy, years of time and unlimited expenditure.

There is, then, both a legal and practical difficulty—though



both in truth are practical—in the way of a guaranty of the neutrality of a canal by the United States singly. But let all commercial powers act in unison, and see how simple the thing may become. Protection becomes effective, and the canal status fixed, because each power for itself unites in the protection, lays down the status and renounces the right to injure. "Neutralization" becomes actual and practical because each power in the exercise of its sovereignty promises to respect the neutrality. The empty phrase becomes a fact.

The argument, then, thus far is this:

We find in the history of the Suez Canal a powerful precedent for the policy of general rather than single-handed canal protection.

We find in our own treaties and diplomacy a uniform desire to keep an interoceanic canal free from all the operations of war, sometimes inclining to the rôle of sole protector, more often desirous that this responsibility shall be assumed by all commercial states.

We find that "neutralization" is incapable of being effected by the act of a single protecting power; that "protection" demands superior force at command to be adequate.

We should now be in position to consider the second part of our question, which is this: In order to exempt a proposed Nicaragua or other interoceanic canal from the dangers and operations of war, is it better *for the self-interest* of the United States that this should be attained by a general or a sole guaranty? This question will be considered in a later article.

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## THE EARLY POLITICAL ORGANIZATION OF MEXICO.

### I.

**I**N these last years of the nineteenth century Mexico appears to be emerging from a stagnant condition, and assuming some of the characteristics of a progressive nation. During the period of its dependence on Spain, its progress was impeded by restrictive legislation. While the mother country participated to a certain extent in the general movement of the civilized world, the colony remained in a condition of arrested development; whence it has happened that Mexico, with respect to the forms and spirit of its society, is apparently older than Europe. We see here illustrated the fact that when a colony is cut off from the parent stock it falls into a state of social stagnation, and remains in this condition until, by natural growth from within or increase from without, it assumes the forms and spirit of an independent national life. It may happen that a body of colonists will continue in this condition permanently, or till it is overwhelmed by the rising tide of a distinct population near it. The French colonists in Louisiana and Canada appear to be of this sort. They retain characteristics of old French life and language, but there are few signs that either is soon, or ever, to rise to the commanding position of an independent nation. The Spanish colonies in America were arrested in their civilization at the point at which the Spanish nation stood when the colonies were established. The parent nation, however, retaining intact the forms and spirit of her national life, and influenced by the general movement of the nations near her, carried on her civilization to more perfectly developed phases.

Nowhere in Europe, except, perhaps, in the Valley of Andorre, can one observe the conditions of early European society to better advantage than in Mexico. Some of the colonies planted in America have in the course of time gathered the forces of an independent existence, and, in cer-

tain lines of progress, are outrunning the nations from which they were derived. The United States and Chile are nowadays accustomed to think they have reached this point. But only the more benighted Mexicans would set forth such a claim for themselves. They may, however, look forward to this time with a faith that rests on fairly good grounds in the progress of the past decade.

In the colonial development which follows the period of stagnation already referred to, it is not to be supposed that the movement presents an even front; certain forms and institutions remain stationary, while along other lines the advance may be rapid. This is, of course, true of the progress of all nations, but it is more especially true of colonial progress than of any other, partly for the reason that colonies waking from their dormant condition, appropriate, in their completed forms, methods and means that have been slowly and painfully wrought out elsewhere. It would be very difficult to find a more striking illustration of this than that presented by the history of Mexico. By her inherited Spanish conservatism; by her strong element of Indian stock, which tends constantly to revert; by her geographical isolation; by the survival of the spirit of absolutism, and by the dominant power of the church, the people of Mexico remained for generation after generation without important changes in their economic affairs, and with very little change of point of view.

The settlement of America was a part of a popular migration, which may be contrasted with the invasion of Roman territory by the Germanic tribes. No two great movements of peoples were ever more unlike than these. The Germanic tribes carried the liberalizing spirit of unconventional barbarism into regions which had developed strong social institutions. The Europeans, on the other hand, who invaded America, had lived under fully formed institutions, yet found themselves at the end of their migration under conditions necessitating the development of a new spirit. In the one case, the forms of an old civilization were imposed upon the invaders, and the barbarian became hedged about by the modifying and restraining influences of a mature

social life. In the other case, civilized society sent its representatives to an unpeopled wilderness, where their essentially similar conditions tended to develop the spirit of equality and a disregard of the conventionalities of a complex social existence. The members of the Germanic tribes entered into and modified a social organization which had been created by the Romans. The European settlers in America had to create new organizations adapted to the new conditions. In the one case, new life was infused into ancient forms; in the other case, ancient forms yielded to the modifying influences of a new life.

The organizations which controlled the Spanish colonies in America were new creations; they were formed for the special work of governing Spain's possessions on this continent. The King was the most conspicuous functionary who exercised authority both in Spain and the Indies. Under him Mexico and the other kingdoms established in America stood in a personal union with the kingdom of Spain. In order that the rule of the king might be effective, other bodies were created to serve as his agents. Of these the Council of the Indies was the first in rank. The second was the Casa de Contratacion, or India House, which was established at Seville in 1503. It was the agent through which the Spanish king subjected the trade with America to a rigid and exclusive monopoly. The Council of the Indies and the authorities of the India House resided in Spain; but the immediate direction of Spanish American affairs was intrusted to single officers and councils having their residence in the New World.

During the process of exploration and settlement, authority rested in the hands of leaders of expeditions and colonies, who usually bore the title of *adelantado*.<sup>1</sup> This was the title formerly applied in Spain to the military and political governor of a frontier province. Standing face to face with the Moors, he held the general military command of the

<sup>1</sup> Santamaria de Parades, in *Derecho Politico*, p. 487, has described the adelantados as "governors of great territories, with a character chiefly military." The military officers under the *adelantado* were *maestro de campo*, *sargent mayor*, and *alferez real*; see Makenna, *Historia de Santiago*, I, p. 37.



province, and had power to gather the people under his standard. In his capacity as a civil officer, he took cognizance of such civil and criminal cases as arose within the limits of his territory.<sup>1</sup> When Spain found herself extending her Christian dominion over regions that had been held by the American infidels, it was natural for her to apply to the leaders in this undertaking the title which the champions of Christian Spain had borne during the long contest with the Mohammedans. This title was borne by Columbus and by most, if not all, of those who founded colonies in districts not hitherto occupied by Spanish authority.

In the course of colonial growth, the *adelantado* was superseded by a collegiate power known as the *audiencia*. In Spain, this body was a superior tribunal of one or more provinces, composed of officers learned in the law, who represented the king in the administration of justice.<sup>2</sup> But in America the *audiencia* wielded governmental power in all departments. To it were confided in the beginning, and later in the absence of the viceroy, all matters with which governmental authority might properly deal. It was held to be the principal care of the Supreme Council of the Indies to give the Indians spiritual and temporal instruction, yet on account of the inconvenience of distance this charge was committed to the *audiencias*.<sup>3</sup> The *audiencia* exercised not only judicial and political functions, but, in the absence of any superior officer, it was also the chief authority in military affairs. In judicial matters, even in the presence of the viceroy as president, the *audiencia* exercised a large measure of independence. In such cases, the viceroy had no vote, and the administration of justice was left to the judges, or ordinary members of the *audiencia*. The viceroy, however, signed the decision with the judges, in accordance with the practice of the presidents of the *audiencias* of Spain.<sup>4</sup>

<sup>1</sup> Escriche, p. 89.

<sup>2</sup> Ibid, p. 304.

<sup>3</sup> *Política Indiana*, p. 395.

<sup>4</sup> *Recopilación de Leyes de Indias*, Lib. II, Tit. xv, Ley 32: Robertson, Vol. xi, p. 17, says, "the viceroys have been prohibited, in the most explicit terms, by repeated laws, from interfering in the judicial proceedings of the courts of audience, or from delivering an opinion, or giving a voice with respect to any point litigated before them."

The most important audiencias in America were those of San Domingo, Mexico, Guadalajara, Guatemala, Santa Fé de Bogotá, San Francisco, del Quito, Lima, La Plata, Caracas, Buenos Ayres, and Santiago de Chile. In 1555 the jurisdiction of the audiencia of Lima extended over the whole of South America; but later audiencias were established within the limits of the authority of the viceroy of Peru; as in New Spain, the audiencias of Guatemala, Mexico and Guadalajara were under the general dominion of the Viceroy of Mexico. The Philippine Islands were governed for a time by a special audiencia, but, about 1590, they were made dependent on the viceroy and audiencia of Mexico, and were immediately subjected to a governor. In accordance with a royal decree of 1593, New Spain was the only part of Spanish America that might send vessels to, or receive goods from, these islands. Yet the connection between these two regions, subject to a common authority, was not intimate; the voyage from Acapulco and the return lasted thirteen or fourteen months, and one vessel a year sufficed for this trade.

The great power of the audiencia in judicial matters may be seen in the fact that there was no appeal from its decisions, except in civil suits of more than 10,000 *pesos de oro*, in which there was an appeal to the king.<sup>1</sup> It was the highest judicial authority in America. It appears to have been formed on the model of the ancient supreme court of Spain; at the same time it was for its special district what the Council of the Indies was for the whole of Spanish America. Matters of grace, appointments to office, and encomiendas belonged to the governors or viceroys as presidents of the audiencias. In case of a grievance, arising on account of a decision of the viceroy or president in matters of government, an appeal might be taken to the audiencia, in accordance with the laws and ordinances, and the viceroys and presidents could not prevent such an appeal.<sup>2</sup> That in some respects the powers of the viceroy and the audiencia were coördinate, may be seen in the fact that each, without informing the other, might correspond directly with the king.

Markham, *History of Peru*, p. 120.

<sup>2</sup> *Recop.* II, Tit. xv, Ley 35.



When there were several audiencias within the limits of the viceroy's jurisdiction, the presidents and judges of the subordinate audiencias were required to keep the viceroy informed of the affairs of their several districts; and these subordinate audiencias were required to take account of, and carry out, the decrees concerning military and political affairs which the viceroys might send to them.<sup>1</sup> In the language of a specific law, "the president and judges of the royal audiencia of Guadalajara, in New Galicia, shall obey the viceroy in everything, and hold with him the good relation which is befitting one who represents the king."<sup>2</sup> In case the position of viceroy or governor was vacant, the audiencia, whose president was thus wanting, might grant Indians in encomienda; and it was specially provided that, while the office of viceroy of Peru was vacant, the audiencia of Lima should assume the control of governmental affairs, not only in Peru, but also in Charcas, Quito, and Tierra Firme, exercising all those powers which under other conditions belonged to the viceroy; and during this time the audiencias of Charcas, Quito, and Tierra Firme were required to obey and subordinate themselves to the audiencia of Lima. This order of things belonged, of course, to the period before the establishment of the viceroy of New Granada. Similar powers devolved upon the audiencia of Mexico, whenever the post of viceroy became vacant. The president and judges of the audiencia of Guadalajara were required to recognize and obey the superior authority of the viceroy of Mexico, and the same attitude of subordination was required of the governors of Yucatan and New Biscay, and of other royal officials within the jurisdiction of the viceroy of Mexico. Whenever, on account of the absence of the viceroy, the audiencia assumed the direction of governmental affairs, the oldest judge was made president, and empowered to perform all the functions belonging to that office. Among the powers of the president of the audiencia was embraced that of appointing judges to fill irregular vacancies.

In their judicial capacity the audiencias of Lima and Mexico were not employed as courts of first instance, but,

<sup>1</sup> *Recop.* Lib. II, Tit. xv, Ley 49.

<sup>2</sup> *Ibid.*, Ley 52.

under certain conditions, they might hear both civil and criminal cases. Decisions rendered by the audiencias were determined by the vote of the majority, and they were then signed by all the judges, although some of them might have held dissenting opinions. In addition to its judicial and executive functions, the audiencia was expected to keep elaborate records of decrees concerning the Indies, of judgments pronounced, and of the movements of persons within the limits of migration permitted by law.

The first royal audiencia regularly established in America was that of San Domingo. For a short time this was the chief Spanish authority in the Indies. It was composed of a president, who might act as governor and captain-general, four judges, a fiscal, an alguacil mayor, a deputy of the grand chancellor, and such other officers as were found to be necessary. Among the audiencias established in America, there was no prescribed uniformity in the number of members. In the course of time the number of members in the several audiencias was changed, in view of the increasing population, and in obedience to the demands for a more efficient government. They varied also according to the importance of the country of residence, ranging from four members upwards. The audiencia of Mexico was composed at one time of four judges, at another time of ten. That of New Galicia was composed of a regent and four judges. The audiencia of Mexico had three fiscals, that of New Galicia one. The former was organized in such a way that two sections dealt with civil affairs, and another with criminal affairs. In ordinary cases the oidores, or judges, of the audiencia formed the decisions, but, in cases of great import, other judges were called to sit with them.

Originally all the islands of the West Indies and the neighboring portions of the main land were under the jurisdiction of the audiencia of San Domingo. But, after the establishment of the audiencia of Mexico, this latter body embraced within its jurisdiction the provinces of New Spain, Yucatan, Tabasco, Nuevo Leon, and Tamaulipas, of the Atlantic coast; on the Pacific coast, it extended to the limits of the jurisdiction of the audiencia of Guatemala, on the south, while on



the north it extended to the territory of New Galicia. The audiencia of New Galicia embraced within its jurisdiction the provinces of Guadalajara, or Jalisco, Zacatecas, and the region west of these provinces, together with Coahuila and Texas.<sup>1</sup>

The audiencia of San Domingo had been influential in extending the conquest to the continent. From San Domingo had proceeded the conquest and settlement of Cuba; and from Cuba had proceeded the expedition led by Cortes for the conquest of Mexico. Diego Velazquez was the governor of Cuba, and the expedition was organized under his authority, and in part at his personal expense. Cortes received his appointment from him, but very early determined to act on his own account. Velazquez suspected this determination on the part of Cortes before the expedition set sail, but too late to repair the mistake of having appointed an insubordinate leader of an expedition on which he had spent a large part of his own fortune. The breach between Cortes and Velazquez was never healed, and all the efforts of the governor to regain his lost advantage only resulted in his impoverishment and ruin. Cortes, on his side, bent his energies to getting his undertaking recognized by some other power than the governor of Cuba. Therefore, soon after his landing on the coast of Mexico, he caused to be organized the municipality of Vera Cruz. It was established on his initiative, and the officers were nominated by him. This was the first political organization effected by Europeans on the soil of Mexico. The two *alcaldes* were Puertocarrero and Montejo, the latter an adherent of Velazquez, and the former a member of the Cortes faction. In view of the limitations placed upon the expedition by the audiencia of San Domingo, Cortes' right under Spanish law to found a city is questionable. But a municipal organization was, nevertheless, formed, and, whether revolutionary in its origin or not, its powers were at least recognized by the leader of the expedition. Into the hands of this body Cortes surrendered his authority and retired; but the next morning he was informed that he had been elected captain-general and *justicia mayor* of the munici-

<sup>1</sup> Alaman, *Historia de Mejico*, I, p. 49.

pality. If Cortes designed this manœuvre to place behind him for his support some other power than the governor of Cuba, it was in a measure successful, although the adherents of Velazquez denounced the whole proceeding as a conspiracy. At certain periods, when warfare was the conspicuous feature of Spain's activity, the military leader of a Spanish municipality had held a position of recognized dignity and power, and it is possible that Cortes aimed at this advantage.

Before Cortes received any commission directly from Spain, he was authorized, in 1522, by the audiencia of San Domingo, "to conquer the whole of New Spain, to brand slaves in accordance with prescribed rules, and to distribute *encomiendas*." Although this authorization was provisional, it nevertheless came from the supreme representative of the Spanish crown in America, and gave a character of legality to the efforts of Cortes to extend the dominions of Spain. In October, 1522, the authority which had come to him provisionally from the audiencia of San Domingo was confirmed by a commission issued by the emperor. This commission bestowed upon the conqueror of Mexico the titles of royal judge, governor, justice, and captain-general, and was accompanied by an expression of the emperor's appreciation of the services which Cortes had hitherto rendered.

There is little doubt that Cortes fancied that, having taken possession of Mexico, he would be allowed to proceed according to his own will without much interference from the Spanish crown, and that it would be possible for him, supported by the Indians, to maintain independent authority. "He wrote a letter to the Spanish crown, the language of which is little known, in which, while he insisted in the plainest manner upon his services and personal devotion, he in the most courtly terms denied allegiance, and declined any interference of the royal officers in the administration of the new colony."<sup>1</sup> The Spanish crown had sent four officers to Mexico to take charge of the royal interests. These were the treasurer, Alonso de Estrada; the accountant and paymaster, Rodrigo de Albornoz; the factor, Gonzalo de Salazar, and the inspector, Peral Mendez Chirinos.

<sup>1</sup> Bandelier, *The Gilded Man*, p. 115.

His conquests in Mexico completed, Cortes directed his attention to establishing means of protection, and his fundamental idea appears to have been derived from European feudalism. Every settler possessed of repartimientos of less than five hundred Indians was required to provide himself, within six months from the date of the ordinance, with a lance, a sword, and a dagger, a helmet, two pikes, and either Spanish or native defensive armor. Holders of repartimientos with from five hundred to one thousand Indians were required to possess, in addition to these implements of war, one horse fully equipped; while those with repartimientos with more than one thousand Indians were required to maintain a still larger equipment. These vassals of the governor were obliged to keep themselves in readiness to answer a summons at any time, and the municipalities were authorized to call them from time to time for a review, and to exact penalties in case of their non-compliance.

The municipality of Mexico, like that of Vera Cruz, was created through the appointment by Cortes of municipal officers, among whom Pedro de Alvarado was given the place of the leading *alcalde*. In 1522 this city had become so conspicuous that the king was moved to grant it a coat of arms. Seven years later its preëminence in New Spain was officially recognized, and in 1548 it was entitled the "very noble, great, and very loyal city." This method of constituting a municipality was, however, not always followed even in these years, for the municipal organization that was finally removed to Oajaca was constituted through an election by the settlers. Not long after the municipality of Mexico was established by Cortes, the appointing power of the governor was limited, and he was required to act in this matter jointly with two other royal officials, and to appoint each officer from a list of three which had been nominated by the people. The number of *regidores*, or members of the town council was, moreover, increased from four to six, and some of them were appointed by the king for life.

The troubles in New Spain arising out of the clashing interests of jealous parties and the inefficiency of the *audencia* of San Domingo in dealing with distant affairs, led to the



establishment of an *audiencia* at Mexico. It was deemed prudent to curtail the conqueror's power, and it was believed that no single minister would be able to do it. There was clearly needed, moreover, some force to put an end to local quarrels, and to give to all persons, particularly to the Indians, the protection of an authoritative government. On the 13th of December, 1527, the *audiencia* was created by the appointment of four *oidores*, or judges. These were Francisco Maldonado, Alonso de Parada, Diego Delgadillo, and Juan Ortiz de Matienzo. Although ordered to embark immediately, they did not sail from Spain until July, 1528. As was customary later in the case of the passage of the viceroy from Spain to America, the vessels which conveyed them were placed under their command. In view of the fact that there was no suitable public building in Mexico in which they might be accommodated, the emperor requested Cortes to receive them in his palace, and gave orders that they should be obeyed throughout the conquered region. At the time of their appointment, the conduct of Cortes was under investigation before the emperor, and, after some delay, Nuño de Guzman, governor of Panuco, was appointed president of the *audiencia*, to hold office till the termination of Cortes' trial. Guzman arrived in Mexico in December, 1528.

Of the three *audiencias* within the later jurisdiction of the Mexican viceroy, that of Guatemala was next in importance to that which had its seat in the City of Mexico. The territory subject to its authority lay between that under the *audiencia* of Mexico and the northwestern limit of the lands under the government of Santa Fé de Bogotá. The conquest of this region had been undertaken from many sides and at different times. Perhaps the most important expedition which had undertaken the exploration and settlement of the country was that under Alvarado, sent by Cortes from Mexico in 1524. Alvarado entered from the northwest, and at first made himself master of the district of Soconusco, which lies between the Pacific and the mountains, at the extreme northwestern part of the country.

The capital city was founded in July, 1524, at a point which the subsequent eruptions of the volcano rendered untenable.

Alvarado, as governor and captain-general of the conquered district, appointed the officers of the municipal government. Diego de Roxas and Balthasar de Mendoza were made *alcaldes*; Pedro Portocarrero, Herman Carillo, Juan Perez Dardon, and Domingo Zubiarrreta, *regidores*, and Gonzalo de Alvarado, chief *alguacil*. The first meeting was held on the 27th of July, when Diego Diaz was appointed receiver-general. The organization was known as a city from the beginning, for it was recorded by the secretary that on the 29th of July "the *alcaldes* and *regidores* of this city of St. Iago took their seats in council." At another meeting, on the 12th of August, the office of sacristan was conferred upon Juan de Reynosa, and ninety-seven persons were registered as citizens. Thus was organized the city of Santiago de los Caballeros de Guatemala.

Alvarado remained the governor and captain-general of Guatemala till his death in 1541. During the first four years he acted under the authority of a commission from Cortes; afterwards his authority was derived directly from the emperor. Probably no other region of Spanish America presented such a confusion of titles and authorities as that which was under the general dominion of the *audiencia* of Guatemala. Its several parts were immediately controlled by a great variety of officers, but between their several territories and jurisdictions the boundary lines were only partially and imperfectly drawn.

Among the lower local officers, the governors held the first position. They were the heads of provinces. In each city which was the capital of a province, the government was organized under a *corregidor*. Other subdivisions of the province were called *partidos*, and were governed by *alcaldes mayores*.<sup>1</sup> These officers were magistrates, who, under the inspection of the viceroy and the tribunals, exercised police, military, and judicial functions; in a word, they found themselves charged with whatever might contribute to order and the public tranquility. They were forbidden by law to engage in trade, yet from the beginning they violated the law openly and without hindrance.<sup>2</sup> Other officers of the

<sup>1</sup> Mora, I, p. 174.

<sup>2</sup> *Ib.*, p. 201.

cities were the *alcaldes*, *regidores*, and *sindicos*, who composed the *ayuntamientos*, or town councils. The *alcaldes* and the *regidores*, except in cases where a part of the *regidores* were appointed for life, were elected annually by the citizens of the town. In the course of time some of the officers of the municipality became not only entitled to hold their positions for life, but they might also transmit them to others by inheritance or sale. Every town which had an *ayuntamiento* was called a *villa* or a *ciudad*, and the difference between these was indicated by the number of the *alcaldes* and *regidores*, less in the *villa* and greater in the *ciudad*.<sup>1</sup>

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<sup>1</sup> Mora, I, p. 175.

## THE ECONOMIC REFORMS OF THE LATE ENGLISH LIBERAL ADMINISTRATION.

IN the YALE REVIEW for February, 1894,<sup>1</sup> there was an article summing up the economic reforms, and proposals for reform, which had marked the first eighteen months of the Gladstone Administration. The object of the present article is to complete that survey, and to include the legislative and administrative reforms which were adopted during the existence of the two Liberal Ministries which lasted from August, 1892, until June, 1895. With a view to making the present article self-contained, and embracing the work of the 1892-95 Parliament, it may be well briefly to recapitulate the reforms which had been carried up to the date of the article of February, 1894, dividing them into legislative and administrative reforms.

First in importance in the legislative measures carried in the earlier period was the Railway Servants' Hours of Labor Act. This restricted the hours of labor of men engaged in handling the traffic on the railroads, and it stands out significantly in the history of the late parliament as being the first occasion on which, by act of parliament, there was any direct interference in the hours worked by men. Heretofore in English labor legislation, the working hours of only children, young persons, and women had been restricted. Many of the working and economic conditions applicable to men's labor had been regulated; but it was not until the Railway Servants' Hours of Labor Act that a State Department was authorized and empowered to step in between employers and their adult workmen to determine what was a reasonable working day, and to impose penalties in the event of failure to comply with its behests. This measure received the royal assent in 1893. It embodied, however, the recommendations of a select committee of the preceding parliament, so that both Conservatives and Liberals shared the responsibility for the new departure. This was the only

<sup>1</sup> Vol. 2, p. 418.



important measures of the class, coming within the scope of this article, passed during the first session of the 1892-95 Parliament.

Administrative reforms proceeded at a much quicker pace. As readers of the former article will recall, by February, 1894, the Board of Works had made a new departure by abolishing contractors or middlemen, in the demolition of the old penitentiary at Millbank, and had become a direct employer at a rate of one halfpenny an hour in advance of that current for unskilled labor on other similar work in London. The Board of Trade had reorganized and greatly extended the Labor Bureau, and was about to establish the "Labor Gazette." At the Home Office, under Mr. Asquith, labor legislation was being enforced with new vigor. Fifteen or seventeen additional factory and workshop inspectors had been appointed. Among them were several women, who for the first time were thus taken into the service of the factory inspection department of the Home Office.

The vast army of servants of the Post Office had been conceded the right to organize in trade unions like other work-people; the official shorthand writers had been withdrawn from the meetings of post office or telegraph clerks; and, so far as organization was concerned, the men had been left with only one grievance against the department. This was that the Postmaster General still resolutely refused to receive, with deputations waiting upon him in regards to pay and conditions of work, any person who was not in the actual service of the department. This refusal, it is contended, prevents the post office and telegraph staffs from organizing as efficiently as other trades can do, as the men whom the Postmaster General will consent to receive cannot give the time necessary to successful organization, and yet retain their places in the service of the department.

At the Local Government Board a change had been made by the president, abolishing the old rating qualification which prevented working men and women who were only small householders from taking service on the poor law boards. Ten years ago this would have been a more important innovation than it was in 1893, for a few months later, poor law



board representation was brought down to a democratic level by the Parish and District Councils Act. The War Office and Admiralty were both on the eve of introducing the eight-hours day into their great manufacturing and ship-building establishments: and to make the list of innovations complete, it should be added that the government, in the person of Lord Rosebery, then foreign secretary, had intervened in the wide-spread strike on the coal-fields of the Midlands and the North of England, and that one of the great reception halls at Whitehall had been used as the meeting place of arbitrators engaged in the settlement of a labor dispute. The Mansion House had been the scene of the arbitration which settled the London dock strike in 1889. The coal trade strike arbitration board was the first body of the kind to hold its meetings under the auspices of the government, and in one of the halls within the precincts of Downing Street.

These are the more important measures and administrative reforms which mark the first session of the late parliament. They have already gone into effect. In this period also the government had unsuccessfully introduced their bill for conciliation boards in labor disputes, and had sent the measure amending the Employers' Liability Act of 1880 from the House of Commons to the House of Lords. As concerns private members' bills and resolutions, in the first and exceptionally long drawn out session of 1893-94, the House of Commons had committed itself to Sir John Lubbock's resolution in favor of the earlier closing of retail stores, and had adopted without division Sir John Gorst's resolution setting forth that, as regards pay and conditions of labor, the government in all its own establishments should set the highest standard. The house had also carried Mr. Allen's resolution for the payment of members of parliament, and by a majority of seventy-eight had given a second reading to the bill establishing an eight-hours day for miners.

As regards economic legislation in the last two sessions of the late parliament, the outstanding government measures are the Parish and District Councils Act of 1894; the Finance Act or the Budget of 1894; and the Factory and Workshops Act

of 1895. The Unionist government had come into power before the last of these measures was through its third reading stage in the House of Commons; but the Factories and Workshops Act is none the less a measure which must be credited to the Rosebery Government, and it will always be associated with Mr. Asquith's vigorous administration of the Home Office.

The Parish and District Councils Act comes within the category of measures dealt with here, by reason of the changes which it made in the local machinery of the poor law, and the reforms it effected in the agricultural allotments system, which had been established and amended by the acts of 1887 and 1890 respectively. The first of these two measures gave power to the then existing local sanitary authorities to purchase agricultural land, divide it into allotments, and rent the allotments on yearly tenancies to artisans and laborers. The act of 1890 provided that if these local sanitary authorities failed, when called upon, to put the act of 1887 into force, the ratepayers aggrieved might appeal to the County Council, and that body might assume and carry into effect all the powers with reference to allotments vested in the local sanitary authorities. The allotments were limited to one acre.

Under the Parish and District Councils Act of 1894, parish councils, much smaller bodies than the old local sanitary authorities, are empowered to hire land for allotments. If they are satisfied that allotments are required, but are unable to hire by agreement and on reasonable terms land suitable for allotment purposes, they may make representation to the County Council, which is empowered to make an order authorizing the parish council to hire compulsorily for a period of not less than fourteen years nor more than thirty-five. Under the act of 1890 the County Council could exercise powers of compulsory purchase. Under the act of 1894 land can be hired compulsorily, and a municipal authority exercising powers over a much smaller area than the old local sanitary districts, and unlike these authorities, elected on a democratic franchise, can put the machinery for compulsory hire in motion.

If the land taken by a parish council is hired compulsorily, one tenant may not hold more than four acres of pasture, or one acre of arable and three acres of pasture land. The conditions imposed by the parish councils prohibit subletting, and no buildings other than stables, cow-houses and barns can be erected on any part of an allotment. Through the County Council also, the parish council can purchase compulsorily land which it may require for sites for public offices or recreation grounds. The County Council has a discretionary power in this matter; but a parish council can appeal from the County Council to the Local Government Board, and, after public local inquiry, the board may make the order for compulsory purchase subject to a veto by parliament in cases where a County Council decision is overruled.

While there was no direct interference with the principles of the poor law by the Parish and District Councils Act, the local machinery established when the poor law was reformed in 1834 was altered very materially. Under the act of 1834, the boards of poor law guardians, one for each of the 648 unions in England and Wales, were elected on a rate-paying franchise. Every householder had a vote, but every ratepayer voted in accordance with the amount at which his property was assessed. Large ratepayers had as many as six votes, and property was dominant in poor law politics. No man could be elected to a board of guardians unless he occupied or owned property assessed above a certain value. The fixing of this value was left by parliament to the Local Government Board, and the qualification varied in the different unions. This lack of uniformity continued until 1893, when, during Mr. Fowler's presidency of the Local Government Board, an order was issued reducing the qualification to a rating value of £5 in all the unions in the country. This was equivalent to abolishing the rating qualification, as a £5 assessment covered every cottage rented at eight or ten pounds a year.

By the Parish and District Councils Act plural voting was swept away entirely; so was the rating qualification for members of the boards of guardians; and the whole local management of the poor law was for the first time in the his-



tory of the reformed poor law placed upon a democratic basis. Any householder, man or woman, and any lodger who is on the voters' list, can now poll at an election for the district council, which in the rural districts administers the poor law, and any voter is now eligible for membership of the council. Up to 1894 county magistrates, all of whom had formerly to be in receipt of £100 from land or occupiers of houses assessed at £100 a year, were members of the local poor boards by virtue of their office as magistrates. The existence of these *ex-officio* guardians gave an added weight to property and made it possible for property owners to control, if so disposed, the policy of the board. By the act of 1894, transferring the administration of the poor law in rural districts from boards of guardians to district councils, these magisterial guardians were abolished, and magistrates as such ceased to have any official connection with poor law administration. It will thus be seen that, while the principles of the poor law were not touched by the last of the three great measures, those of 1835, 1888, and 1894, remodelling local government in the towns, in the counties, and in the rural districts, the act of 1894 made it possible for rural ratepayers, if so disposed, to place the administration of the poor law in the hands of people of a totally different class from the property owners who had administered it for sixty years after the reform of 1834.

When the Franchise Acts of 1867 and 1884 were before the House of Commons, economists, such as Mr. Goschen, prophesied that an extension of the suffrage must inevitably place the poor law in danger, and that some changes in it would soon be demanded. A change in the local machinery of the poor law has already come about. It is as radical as could have been imagined; but, as yet, the principle of the poor law has not been altered in any important particular, and no harm seems likely to ensue from the changes of 1894, so long as the Local Government Board retains its present hold over the local administration of the law.

A noteworthy change was made by parliament in the session in which the Parish and District Councils Act was passed. It is not of far-reaching importance, as the number of people

affected by it is not large; but it is a significant reform in view of the attention which has of late been given in England to pensions for old age, and the experiments which are now making in several unions in the way of improving the condition of deserving and reputable old people who are compelled by force of circumstances to spend the closing years of their lives in the poor houses. Under this new enactment boards of guardians are empowered to grant relief to members of friendly societies who are in receipt of an allowance from their society. It is a change which gives the guardians much more leeway than they formerly had in dealing with deserving cases, especially in granting outdoor relief during sickness or in old age.

One other feature in the Parish and District Councils Act may be noted in passing. Under the act all the chairmen of district councils are during their term of office members of the county bench of magistrates. They take their places on the bench without reference to any landed or rating qualification. This is an inroad on the long-established law that a county magistrate must be a land-owner or a man living in the social condition of a landowner. It also breaks through old standing traditions as to the social fitness for places on the county benches of men engaged in retail trade, and may be taken as the beginning of a movement likely to bring about an equality between borough and county benches, and to put an end to the exclusiveness which has always characterized the county magistracy.

Many of the privileges legally enjoyed by the county magistrates came to an end with the reform of county government effected in 1888 by the Unionist administration of 1886-92. Other inroads were made on these privileges by the measure of 1894, which was the complement of that of 1888, and it will now need a parliamentary measure of only a few lines to place the county and borough magistrates on an equality. In the boroughs a mayor is a magistrate by virtue of his office, and he is afterwards usually rewarded for his municipal services by appointment by the Lord Chancellor to a permanent place on the bench. Chairmen of district councils earn this honor almost as much as mayors



of incorporated towns, and, when it becomes the practice to bestow it upon them, the landed qualification for county magistrates will have to be abandoned. For several years past there has been a movement for the reform of the county bench on these lines. It originated with the Radical members of the House of Commons, and more than one bill embodying the change has been introduced into parliament. It would not be surprising if this movement were taken in hand by the Unionist administration. Measures of a much more radical character originating with the Liberals have been adopted by Tory ministries, and, as has been explained, it was a Unionist administration which dealt the first blow at the privileges of the landed classes in the matter of county government. When this pending reform does come about, no political privileges within the reach of the smaller landowners will remain. The lord-lieutenancy of a county and the office of high sheriff will no doubt continue to be attached to land-owning. Only the larger landowners, however, can aspire to these, the highest of local political honors.

The session of 1894, which was marked, through the Parish and District Councils Act, by inroads on the political privileges attaching to land, was also made memorable by the equalization of the death duties on real and personal property. Landed property had long enjoyed special immunities in connection with the death duties. Under the estate duty as remodelled by the Finance Act of 1894, duty is charged according to the principal value of all property whether real or personal, settled or unsettled, which passes on the death of any person, whether by disposition of the deceased, or by settlement made by him. Upon the devolution of property of all descriptions, the state had previously taken its share before any of the successors in title or the beneficiaries; but it had taken a much smaller share from landed than from personal property. Under the act of 1894 an equality was established in the two kinds, and now all property, whether real or personal, settled or unsettled, which passes at death, pays estate duty according to the accompanying schedule :

Principal Net Value of Estate.				Rate per cent.	
Above	£	100, but not above	£ 500	.	1
Above		500, but not above	1,000	.	2
Above		1,000, but not above	10,000	.	3
Above		10,000, but not above	25,000	.	4
Above		25,000, but not above	50,000	.	4½
Above		50,000, but not above	75,000	.	5
Above		75,000, but not above	100,000	.	5½
Above		100,000, but not above	150,000	.	6
Above		150,000, but not above	250,000	.	6½
Above		250,000, but not above	500,000	.	7
Above		500,000, but not above	1,000,000	.	7½
Above		1,000,000, . . . . .	.	.	8

The only advantage in connection with estate duty now conceded by law to real property is that the duty on such property may be paid in installments.

By the Finance Act of 1894, there were also established the most far-reaching changes made in the income tax since it came into existence in its modern form in 1842. From 1842 to 1853 incomes under £150 were exempt. From 1853 to 1863, incomes under £100 were exempt, and incomes between £100 and £150 paid at a lower rate than those above £150. In 1863, these differential rates were abolished, and, until 1876, only incomes under £100 were free from taxation. In 1876, the exemption was extended to incomes under £150, and in the same year a system of abatements came into operation which since then, in one form or another, has lessened the payments made by people in receipt of small but still taxable incomes. At one time those under £200 enjoyed the abatement, and later on it was extended to incomes under £400. As the law stood prior to the act of 1894, incomes under £150 were exempt, and from incomes between £150 and £400 an abatement on £120 was allowed. The income tax was then seven pence in the pound.

The most important general alteration in the tax in 1894 was an increase of one penny in the pound; but this increase was accompanied by a series of changes intended to relieve the burden of the tax on persons in receipt of less than £500 a year. The first of these changes extended the total exemption from £150, where it had stood since 1876, to £160, and was intended, according to Sir William Harcourt's state-

ment at the time, to relieve moderate incomes. The 1876 to 1894 figure of exemption just brought within the range of the tax collector people who earned three pounds a week; and while the amounts paid by these people were comparatively small, the collection of them involved as much cost as the collections on large incomes, and was always attended with extra trouble and loss in the case of people who were paid weekly. The man with just £150 paid only on £30, when the £120 abatement had been allowed; and even this amount was frequently reduced by abatements made in respect of life insurance.

The next change was in the system of allowing abatements, and was made in the interest of what Sir William Harcourt described as "a large and most deserving class, mostly emerging into an independence they have earned for themselves, and rising by their own industry from the stratum of exemption to that of income taxpayers." Hitherto these taxpayers had enjoyed the £120 abatement when their incomes were below £400. When that sum was reached, they were assessed on the whole of it, the only abatement allowed being that in respect of life insurance. Under the new system an abatement of £160 instead of £120 is allowed on incomes below £400; and on incomes above £400 and below £500 a new abatement of £100 is established. No fewer than 500,000 incomes are affected by this new abatement plan, which carries the abatement principle up to £500.

These two changes affect respectively the lower middle class and the middle rank in the middle class—a rank in the middle class which is to be seen at its best in the London suburbs within seven or eight miles of Charing Cross.

Another change in the interest of people coming within the range of the income tax collectors, but still people of moderate income, was also made by the introduction of a new method of assessing the earnings of married women. Hitherto the income of a married woman for purposes of taxation was reckoned as part of her husband's income. The wife of a clerk living in a London suburb might earn £100 or £150 a year by keeping a boarding-house. This sum had to be rendered in the income tax schedule with the husband's £200

or £250, and income tax paid on the whole amount. If the two incomes came to £400 the family lost the advantage of the £120 abatement which would have been allowed on the husband's separate income. It made no difference that the husband might have no control over his wife's income. That was a detail of which the income tax commissioners took no account. Under the new plan, where both husband and wife are earning incomes of a taxable amount, each income is separately assessed for taxation. Both will thus get the advantage of the abatement system. The change applies, however, only in cases in which the joint incomes are under £500 a year, and, what is more significant, and in itself constitutes a feature of the Finance Act of 1894 almost as striking as the equalization of the death duties, this separate assessment of the incomes of husband and wife is only allowed on the actual earnings of the wife. It does not apply to a wife's income derived from rents or dividends. The act draws a distinction, in the case of married women, between incomes which are earned, and incomes accruing from investments, and is the first measure, for which a chancellor of the exchequer has been responsible, in which such a distinction has been made.

The only other changes made by the budget of 1894 affect the owners of land and houses. They were treated in a more favorable manner than heretofore in the matter of allowances from gross incomes for keeping up their property. Formerly the law compelled them to schedule the gross income from rents. Under the new arrangement landlords are allowed a deduction of one-eighth of their gross receipts, and the owners of houses a deduction of one-sixth. A large number of changes in direct taxation were thus made, changes in detail affecting an unusually large number of classes, and making the budget of 1894 the most interesting and memorable budget of the century.

Among the less important government measures of 1894 was an act adding to the powers of the Board of Trade in respect of accidents occurring during the construction of docks, railways and large buildings, or in connection with engines and machinery in the open air. Hitherto when acci-



dents occurred on these undertakings which were not fatal and consequently did not call for a coroner's inquest, no official notice was taken of them. Under the new act every accident, whether attended by loss of life, or only by bodily injury, is to be reported to the Board of Trade, and the board may order an investigation. The Board of Trade has long possessed powers of inquiry in cases of collisions and accidents at sea and on the railways. Under the new measure in its inquiries it has power to call in the aid of legal, medical and other specialists and expert assessors, as it has long done in investigating and passing on accidents at sea. The test as to the nature of personal injury involving a report to the Board of Trade is the length of time the person hurt is disabled. If his injuries detain him from work for three days the case is one for report to the Board of Trade. The Home office inspectors make inquiries regarding accidents of all kinds in mines and factories. As a large number of accidents occurring above ground and at sea were already within the purview of the Board of Trade, the new act will greatly reduce the number of accidents which formerly went without official record or official inquiry.

The act is one of several passed during the 1892-95 parliament, which added largely to the discretionary powers of the state departments, such as the Home office and the Board of Trade. Powers of this kind have been granted to the departments to an enormous extent in recent years. It is not venturing too much to say that the work of the Local Government Board has been more than doubled since 1886, and during the late parliament the additions to the work and responsibilities of the Home Office and the Board of Trade almost kept pace with the additions to that of the Local Government Board, in spite of the additional work thrown on the Local Government Board by the Parish and District Councils Act of 1894.

The session of 1895 lasted only about six months, and, so far as economic legislation initiated by the government is concerned, it is memorable only for the comprehensive measure amending the Factories and Workshop Acts. The last previous additions to this ever-growing department of



labor legislation were as recent as 1891, when the age of child labor was advanced to eleven years, as one result of England's participation in the International Labor Conference in 1890, and when other amendments were made embodying recommendations of the committee of the House of Lords on sweating.

The new bill, when it was introduced by the Home Secretary, was enthusiastically received on the government benches, and was welcomed by the opposition as a large and generous measure. It was so described by Mr. Stuart Wortley, a former under-secretary at the Home Office; and at the initial stages in the House of Commons the only note of opposition came from a Lancashire Tory member, who threatened, when the bill was sent to the grand committee on trade, that he would move that the committee be instructed to insert provisions prohibiting or restricting the importation into the United Kingdom of goods manufactured or treated in foreign countries, otherwise than in accordance with the provisions of the English Factory Acts. Nothing, however, came of this protectionist instruction. Some regret was expressed on both sides of the House that the government had not seen their way to advance the age of child labor from eleven to twelve. The government were not unwilling to do this; but were afraid to overweight the bill and risk its chance of becoming law in that session.

Although there was no opposition to the bill on second reading in the House of Commons, it occupied the grand committee fifteen days, and was the subject of a score or more of deputations to the Home Office. Most of the opposition in committee was to the clauses curtailing overtime on the part of women; advancing the age at which boys can be employed at night in iron and glass works; further prohibiting the cleaning of machinery in motion by women and children; including laundries, docks and ships at dock within the provisions of the bill; and extending the scope of the particular clauses of the Factory Act of 1891 as applicable to the cotton and woollen trades. The grand committee disposed of the bill on the 2d of July. On the 4th it was back in the Commons, and read a third time at one sitting.

The next day it went to the House of Lords, and passed its second and third reading stages at a single sitting. This extraordinary celerity in both houses was due to the fact that a new administration had come into power between the sending of the bill to the grand committee and its return to the House of Commons, and that on the eve of a dissolution of parliament no one cared to put himself in opposition to a measure conceived in the interest of the working classes. The new Premier voiced this feeling when in the House of Lords he announced that, while he did not agree with all the details of the bill, he thought it would be a great pity for the measure to be lost. It would have been lost had any attempt been made at this stage to go into the details, and although the members of the House of Lords had up to this time known the bill only from the newspaper reports, they disposed of its fifty odd clauses in a single sitting, which began at three o'clock and was over before dinner-time.

It is not possible here to give any complete summary of these fifty odd clauses, or to contrast the old and the new law. Briefly summarizing the act, it may be stated in the first place that it increases the stringency and the efficacy of the law against overcrowding, and enforces the proper ventilation of factories and workshops. As regards ventilation, it requires the provision of at least 250 cubic feet of space for each worker; and, in special trades, the Home Secretary may require more than this amount. When overtime is worked, the cubic space for each worker is to be 400 feet. The act next adds to the safeguards against the use of unfit premises and dangerous machines. If the condition of any work-place involves danger to health, life or limb, a magistrate may forbid work being done there; and the same authority may forbid the use of any machine in a dangerous condition. The act extends to young persons, that is to people between sixteen and eighteen years of age, the prohibition which the old law contained in the case of children against cleaning dangerous machinery in motion. Amendments are also made in the law as to fencing machinery, and new regulations are established with the intention of preventing workpeople from being crushed by traversing car-

riages. Penal compensation is to be paid to all persons injured, and to the relatives of persons killed, through the occupier of a factory failing to comply with any of the requirements of the act.

With a view to preventing overtime for women and children, the act brings work given out from factories within the range of the law. Under an amendment to the Factory Act made in 1878, the occasional employment of women and young persons in non-textile factories and workshops was made allowable for fourteen hours a day. The act of 1895 prohibits such occasional overtime for young persons; and in the case of women, the number of days in the year in which fourteen hours may be worked is reduced, in some trades from 48 to 30, and in others from 96 to 60 days a year. Boys over sixteen engaged in newspaper printing offices were formerly allowed to work overtime without limit on two nights a week, and often worked seventeen or eighteen hours out of the twenty-four. The new law enacts that they must not work more than twelve hours continuously. Boys of thirteen are now allowed to work in the night in glass houses. After December, 1896, such work will be allowable only for boys of fourteen.

The factory acts are also made applicable by the new measure to all laundries except those in prisons, reformatories, and religious or charitable institutions, and except those where the only persons employed are members of the same family dwelling there, or not more than two persons dwelling elsewhere are employed. The hours of work, exclusive of meals and absence, must not exceed, for children, ten hours out of twenty-four; young persons, twelve; and women fourteen. The weekly total must not exceed thirty for children; and sixty for young persons and women. In addition, women may work overtime not exceeding two hours a day on not more than three days a week, or thirty days a year; but more than fourteen hours may not be worked in one day, and notice of intention to work overtime must be given to the factory inspectors. No protected person, that is no woman, young person or child, may work more than five hours without at least half an hour for a meal, and the hours



for work and meals must be posted up in the laundries. Provisions are made in the act to secure in steam laundries the regulation of temperature and proper draining of floors, and the use of gas irons emitting noxious fumes is expressly prohibited.

The shipping interest in the House of Commons was strong enough to prevent the new act from including ships at dock; but a number of clauses in the factory acts are applicable to docks and warehouses, to plant used in these places in loading and unloading, and also to any premises on which power-driven machinery is temporarily used in building operations. In regard to what are known as tenement factories, buildings in which motive power is supplied to a number of tenements by the owners, liability for the observance of the factory acts in respect to sanitary conditions and the fencing of machinery is under the new act to fall on the owners instead of the occupiers. The law prohibits the construction of any underground bakeries, although there is no prohibition of those already in existence.

The discretionary powers vested in the Home Office are extended in the new act by clauses which provide that special rules regulating processes, certified by the Home Secretary to be dangerous to health, life or limb, may restrict or prohibit the employment of all or any classes of persons in a dangerous process. Regulations restricting the employment of men, however, must be laid before parliament for forty days before coming into force. The power to make special rules is extended to apply to workshops in which only men are employed. The law regulating atmospheric moisture in cotton weaving is made more drastic, and extended to textile factories generally. The act further extends to all textile factories the requirement, first made in 1891, that piece workers shall be furnished with detailed particulars of work and wages; and it empowers the Home Office to extend this requirement to any non-textile factory or workshop. An additional legal status is given to factory inspectors by a clause conferring on the inspector a right to conduct, as prosecutor, cases under the Factory Acts coming before the local magistrates.

Among the more important economic measures which the government brought forward in 1894 and 1895, but failed to pass, were the bill amending the Employers' Liability Act of 1880; the Evicted Tenants bill; the Irish Land bill, amending the act of 1881; the Liquor Traffic Local Veto bill; the Scotch Crofters' bill; the Labor Conciliation bill, which was reintroduced after its failure in 1893; and a bill amending the Truck Acts. The Evicted Tenants bill, which provided for the reinstatement of tenants ejected in connection with the plan of campaign adopted by the Nationalists, was rejected by the House of Lords. With the exception of the Employers' Liability bill, the other measures named did not get beyond second reading stage in the House of Commons.

With regard to the Employers' Liability bill, the House of Lords inserted a clause protecting assurance societies which had come into existence under the act of 1880. It provided that the clause in the bill, as it had come from the House of Commons, prohibiting workmen from contracting themselves out of the provisions of the act, should not apply to any agreement for assurance against accidents which should have been made between workmen and their employer, and which should have been certified by the Board of Trade to fulfill three conditions. (1) That it had been approved by a majority of the workmen voting in secret ballot in a prescribed manner; (2) that it provided reasonable compensation in all cases of injury incurred in course of employment; and (3) that the compensation was paid from a fund to which the employer was a contributor. The clause, which was known as the Dudley amendment, also provided that the Board of Trade might make rules for taking the opinion "of any such society by ballot, in such a way as to insure that the members thereof may vote freely and without constraint, and it may from time to time require such vote to be taken anew after the lapse of any period of not less than three years."

The bill, as it passed the House of Commons, embodied eight or nine important amendments to the act of 1880. It abolished the doctrine of common employment. In the act of 1880 the limit of damages was fixed at three years' wages.



In the amending bill this limit was abandoned; and the time limit for actions was extended from six and twelve months to six years. High court procedure instead of procedure in the county court was made possible. Clerks, domestic servants and seamen were brought within the scope of the act; employers were made liable for sub-contractors' men; and a liability for injury to health was also established. The bill was the most comprehensive of any of the measures which have been introduced for meeting the shortcomings of the act of 1880. The act will have to be overhauled by the new parliament, and it is not likely that the new bill will differ materially from the bill of 1894 with the Dudley clause included. The labor members in the House of Commons objected strongly to the Dudley amendment. They insisted on a measure which should put an end to all contracting out. Rather than accept the Dudley clause, they were anxious that the bill should be abandoned. The government accordingly took them at their word and withdrew the bill.

The most significant of the private members' bills which were introduced and failed to pass in the session of 1894-95, were, in the House of Commons, the Miners' Eight Hours Day bill; and in the House of Lords Lord Salisbury's bill for restricting alien immigration. In 1894 the Eight Hours Day bill was taken up early in the session, and again read a second time; on this occasion by a majority of eighty-seven, and with Mr. Gladstone voting in the majority. When it got into committee at the end of the session, however, a local option amendment was proposed. Many members who had voted for the second reading in 1893 and in 1894 took advantage of this amendment to nullify their earlier votes; and, consequently, the amendment was carried by a majority of twelve, and the members in charge of the bill abandoned it for that session. There was no division on the bill in 1895; but, in view of the then approaching election, the Miners' Federation, which is primarily responsible for the measure, issued a manifesto urging members of the federation to vote only for parliamentary candidates who would support a bill establishing a legal day of eight hours from bank to bank with no local option.

Lord Salisbury's bill for restricting alien immigration did not get beyond the House of Lords; but more may be heard of it now that an administration is in power of which Lord Salisbury is premier. The first part of the measure, affecting pauper aliens, was taken almost word for word from the act of Congress of 1882, dealing with the same subject. It empowered Her Majesty, by order in Council, to designate certain ports as regulated. At these ports a Board of Trade inspector was to board any vessel carrying immigrant passengers, and prohibit the landing of any alien who in his opinion was "either an idiot, insane, a pauper, a person likely to become a public charge, or a person suffering from any dangerous contagious or infectious disease." Such alien was to be sent back to the port from whence he came at the cost of the owners of the vessel which brought him.

Administrative reforms were not so numerous during the second half of the 1892-95 parliament as in the first; but, almost until the Liberal government went out of office, in June, 1895, additions were being made to the list.

An eight hours day was established for the workpeople in the stores and telegraph construction department of the post office. In the savings bank department the maximum amount which might be deposited in any one year was advanced from thirty pounds to fifty pounds. In the telegraph department trunk line telephones were established. The local telephones systems were left in private hands, but all the long distance lines are now operated, like the telegraph system, by the Post Office.

The Home Office further increased its staff of factory inspectors, until there had been added, between Mr. Asquith's becoming Home Secretary and his retirement from the office, no fewer than twenty-five new inspectors. The Home Secretary also, following up the Rosebery precedent in the coal strike of 1893, was instrumental in 1894 in settling the dispute between the London cab proprietors and their drivers; and in 1895 the Board of Trade successfully negotiated a settlement of the strike in the Northampton boot trade. The Board of Works, following the example of the War Office and the Admiralty, increased the wages and improved the working conditions of the London park keepers.

The only administrative reform of significance effected in the last eighteen months of the Liberal ministry by the Local Government Board was in workhouse management, and particularly in the treatment of aged paupers. By an order issued in January, 1895, additional discretion was given to boards of guardians in classifying aged paupers, in treating the sick and infirm, and in other matters affecting the clothing and dietary of workhouse inmates. Under the new order many improvements in workhouse management are made possible; and under its provisions, at Sheffield and in other unions, important changes have been effected in the treatment of old people. One of these innovations breaks through the rigid system of uniform treatment which previously held good in workhouses, and permits local poor law guardians to take previous character and other circumstances into account in determining the classification and treatment of workhouse inmates who are over sixty years of age.

The administrative reforms of the Gladstone and Rosebery governments will always stand out prominently in the history of the period covered by the parliament elected in July, 1892, and dissolved in July, 1895. During no previous parliament were there anything like so many reforms in the state departments, and in every department the changes, like the legislative reforms carried or essayed by the two Liberal administrations, embodied the new spirit towards labor which first began to show itself in 1889.

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## THE REFERENDUM, AND OTHER FORMS OF DIRECT DEMOCRACY IN SWITZERLAND.

REPRESENTATIVE assemblies are, at the present time, undeniably out of favor. No European state regards its parliament with enthusiastic admiration, no American State looks with confident pride upon its legislature. Now that the era of struggle for the establishment of representative institutions is over, and, from the Russian border westward to far-away Japan, the civilized world has got its parliaments, an increasing number of men are beginning to question in all seriousness whether the worthiest occupation of the twentieth century may not be to get rid of them again. We see with apprehension the assembling of our congresses and legislatures, and at their adjournment are thankful that an interval must elapse before we are plagued with the next one.

The rigidity of the Federal constitution prevents our doing anything with Congress except to endure its annual visitation, and commonly once in two years to express our emphatic disapproval of whichever party happens to have been in the majority. In the States, constitutional amendment is an easier matter, and by a host of provisions it has been sought to put bridle and curb on the activity of our law-makers. Biennial sessions, limitation of the length of sessions, of the time within which measures may be introduced, of the power to pass special acts; extensions of the veto power, removal from legislative discretion by enactment into the constitution of all manner of laws, constitutional and otherwise in character;—such are some of the means whereby it is sought to escape the pernicious activity of the representatives of the people.

Such palliatives are, however, quantitative rather than qualitative in character, and numerous reforms are urged upon our attention. Some expect the millenium when the suffering sex obtains the suffrage, a smaller number are bold enough to urge that the suffrage be restricted rather than



extended, others pin their faith upon well-devised ballot laws and stringent corrupt practices acts, a small but devoted band urges proportional representation upon a somewhat indifferent public, while others hope to cure our present ills by giving seats and voice in the houses to the heads of administrative departments.

Within a few years another candidate for favor has appeared under the name of the Referendum, and has already made itself a question of practical politics in the United States and elsewhere. To be sure, we have long been familiar with the practical working of the thing itself in several of its forms, but the name is new and attractive, and the Swiss example suggests its extension far beyond what we have hitherto practiced. In principle, it amounts simply to this, that as the people is the source of legislative power, acts of the representative assembly do not have the force of law until they have been submitted to and approved by the people. In practice this may be restricted to certain classes of acts, or to those only whose submission to the people is demanded by a certain number of citizens. In this country the practice is as yet habitual only in the form of adoption or amendment of constitutions, though by no means unknown in application to ordinary statutes.

In Switzerland the referendum, in its several forms, is only one of a group of related institutions, all of which, like the restrictions in our States, have the effect of diminishing the power of the representative body; but, unlike them, accomplish this by a partial supersession of representative government by direct democracy. These are, beside the referendum, the right of popular initiative, the power of dissolution, and the *Landsgemeinde*.

It is not the purpose of this paper to discuss the advisability of transplanting these institutions into foreign soil and changed conditions, but rather to describe them as they are found in their native home; but it is important to draw attention here to some comparative statements which go far to explain the historical development.

As is well known, Switzerland is a United States in miniature, but with important differences, of which the most



immediately striking is that the executive head of the state is not a president, elected by the people, but a council of seven, chosen for a fixed term by the federal assembly. Each of the seven is the chief of a department, and one, who may hold any portfolio, is annually chosen President of the Confederation. He is, however, no more than the chairman of the council. The federal assembly closely resembles our Congress, but six of the twenty-five states, which have their origin in the partition of former states, are known as half-cantons, and, although in all respects independent of each other, are each represented in the upper house by one member instead of two; precisely as if Virginia and West Virginia had each the right to one senator.

Like the United States, but unlike all other European states, Switzerland knows nothing of "parliamentarism." Executive and legislative bodies are chosen for fixed terms, and ordinarily serve out their terms, whatever the course of affairs may be. Differences between ministers and chambers do not involve the resignation of the one nor the dissolution of the other, any more than with us. This explains in part why the referendum has been fully adopted in Switzerland and partially in the United States, but scarcely at all elsewhere.

On the other hand, three points of difference go far to explain the complete acceptance of referendum and initiative there, while here the latter is as yet unknown, and our constitutions are full of restrictions on the legislature. They are :

First, that in every canton—and it was in the cantons that these institutions developed—there is a representative assembly of one chamber only. The check of an upper house is lacking except in the federal assembly. Second: The executive veto has there no existence. The executive is always plural in form, recognized as subordinate to the assembly, and commonly chosen by it. The third is perhaps the most important, though it would not occur to any European, namely, that there is no power in the courts to control the discretion of the assembly in its interpretation of the constitution. The assembly is itself the only final interpreter in all cases.

Of all characteristically Swiss institutions the *Landsgemeinde* is in itself the most interesting, but it is also the one which cannot possibly be the object of imitation elsewhere. It can hardly be altogether unfamiliar to anyone, for many recent writers have described it and drawn attention to the impressiveness of this sovereign assembly of all the freemen of the state, meeting with simple but stately ceremonial on an Alpine meadow under the open sky. It is presumably of immemorial antiquity and no writer on the subject permits himself to forget to quote the words of Tacitus: *de minoribus principes consultant, de majoribus omnes*. The earliest record of a *Landsgemeinde* dates from 1294, and since the end of the thirteenth century their history has been continuous, except for a short period under the French domination.

Six of the petty states of the confederation still maintain this ancient institution, Uri, Glarus, the half-cantons of Appenzel ausser- and inner-Rhoden, and the half-cantons of Ob- and Nidwalden. It was abolished in Schwyz and Zug in 1849. Though the six differ considerably, any one will serve as an example. What follows relates, except where noted, to Unterwalden nid dem Wald, called more shortly Nidwalden.

The *Landsgemeinde* meets annually on the last Sunday in April and may be summoned at other times by the cantonal council for matters beyond the competence of the latter and too urgent to await the annual meeting.

The first function of the *Landsgemeinde* is the election of a number of cantonal officials; then, in its character as supreme legislature, there come before it:

The acceptance or rejection of all constitutional alterations, laws, or other proposals brought in due form;

The final audit of the finances and the budget statement;

The imposition of taxes and all loans to exceed 6,000 francs;

The grant of power to the cantonal council to make extraordinary expenditures or alienate public property; and finally:

The granting of cantonal citizenship.

It may authorize the council to enact new laws or alter existing ones in the name of the *Landsgemeinde*.

Any citizen having the right to vote may make propositions to be submitted to the *Landsgemeinde*, not, however, at the meeting itself. Everything to be voted upon, proposals, counter proposals, amendments, must be drawn up and officially published beforehand, and cannot be modified in the assembly. The votes are simply for adoption or rejection. In Appenzell-ausser-Rhoden even discussion is forbidden.

It is worthy of note that, although the *Landsgemeinde* is declared the sovereign authority of the state, anyone injured in his private right by its action may have his remedy by legal process.

Only two of these cantons, Glarus and Appenzell-inner-Rhoden, permit a single individual to propose alterations in the constitution. In the others a number varying from 50 in Uri to 800 in Nidwalden must unite in such a demand.

Obviously the *Landsgemeinde* is possible only in states of the smallest size and simplest conditions. In these little Alpine cantons there are scarcely any rich or any poor, nearly all citizens are of the same religion, and there is little diversity of occupation or of social conditions. The Swiss look upon these assemblies with a certain pride, the outer world with interest, but no one proposes them for imitation among more complex conditions.

In all of the other states of the confederation the cantonal council is recognized as primarily the legislative body. This council, which in four cantons bears the name *Landrath*, in six *Kantonsrath*, and in the others *Grosser Rath*, or the equivalent in the language of the canton, will be herein referred to as the assembly. This is a representative body, which, in addition to legislative functions, participates in and supervises the administration. The executive council, called in most of the cantons *Regierungsrath*, and hereafter referred to as the council, varies in size from five to eleven members. In most cantons it is elected by the assembly, in some by popular vote, and in the *Landsgemeinde* cantons by the *Landsgemeinde*. In a few cases the members of the council are members also of the assembly, but where this is not the case they may attend the sessions of the latter with advisory

voice. The council has regularly the right of proposing laws, and it is commonly part of its duties to put into the formal shape of a statute or resolution measures originally presented, either in the assembly or by private initiative, in a more or less amorphous condition.

In Freiburg all measures, in the Valais all but certain financial ones, are finally enacted or rejected by the assembly, the alteration of the constitution alone excepted, this being required by the federal constitution to be submitted to the people in all cases.

In all of the other cantons the legislative power of the assembly is exercised subject to the referendum.

The word comes from the old time when the confederation was but a league of independent states, whose representatives at the Diets could vote only as instructed by their cantons, and who could consider proposals upon which they had no instructions only "ad referendum," that is, to report them and the discussions thereon to their governments for consideration and subsequent instructions. The transition to the modern forms came through the cantons of the Valais and the Grisons, themselves formerly confederations in which the decisions of the central diet were subject to a similar referendum; in the former to the tithings, in the latter to the communes. It was not until 1854 that in the Grisons the vote of the people was substituted for the vote of the communes, while the other pioneer of the referendum, the Valais, after a somewhat earlier change to a modern form, furnishes a unique example of its abolition, only certain financial proposals, as already stated, being now subject to it, and in practice these are not made at all.

In the present form of the referendum, in all cases, the decision is given by the majority of all citizens of the canton who participate in the vote, an earlier form, the so-called "veto," having disappeared.

The Referendum is either obligatory or facultative; that is, it is either an indispensable stage in the enactment of law, or it applies only in case the demand for submission of a particular measure to popular vote is made in prescribed form by a stated number of citizens, or is determined upon freely



by the assembly itself. The two forms are about equally common, some cantons having both for proposals of different classes. The constitutions vary considerably as to what measures are subject to the referendum. In general, all laws in the strict sense are so; many cantons add agreements with other states; in some few any matters which can come before the assembly for decision are subject to a demand for a popular vote. A common provision includes all laws and all resolutions of generally binding obligation. This opens a wide door for interpretation, especially when there is joined to it that such resolutions shall be submitted on demand unless declared urgent. In the federal constitution, officially published in three languages, the German text speaks of "allgemein verbindliche Bundesbeschlüsse," the French of "arrêtés fédéraux qui sont d'une portée générale." These phrases do not exactly translate each other, and neither is entirely clear. The same words are used in the constitutions of several states. Two or three attempt a definition of the difference between a *Beschluss* or *arrêté* and a law, but, as the definition itself is somewhat vague, and the interpretation thereof rests wholly with the assembly, it is clear that the way is open for the passage of questionable measures in the form of a resolution upon which no vote can be demanded.

Where the referendum is optional, the number of signatures required to the demand varies from 500 in Zug to 6,000 in Vaud. It must be made within a time, varying from thirty days to six weeks, from the publication of the act, which naturally does not take effect until the time has elapsed. The assembly may also voluntarily propose a vote, and in a few states this may be required by less than a majority of the assembly. In the Landsgemeinde cantons, Uri and Obwalden, there is also a species of optional referendum, in that 20 or 400 citizens respectively may require reference to the Landsgemeinde of matters otherwise in the power of the assembly to determine finally.

The Finance Referendum is sometimes spoken of as a distinct class. It is not so, but merely a provision, and a very common one, that financial measures of certain kinds, or of certain stated importance, must be submitted to the



people, as for example in the Valais, when an act involves an expenditure of 60,000 francs, or of 20,000 francs a year for at least three years, and the ordinary receipts will not cover it.

From the right to accept or reject any measure to the right to propose measures is not a long step, and in the institution of the Initiative the latter right is secured to the people. It appears at first sight like an extension of the right of petition, but its origin is rather to be found in the example of the *Landsgemeinde* cantons. It differs, indeed, radically from the right of petition, a petition being addressed entirely to the discretion of the assembly, which may deal with it in any way or totally neglect it, while the initiative either leaves no discretion to the assembly or only a strictly limited and defined discretion.

The canton of Vaud led the way in 1845 with a constitutional provision that any proposition emanating from at least 8,000 active citizens must be submitted to the vote of the communal assemblies. Since then all of the other cantons have, one by one, followed the lead of Vaud, except Freiburg, Lucerne and the Valais.

In virtue of this right, a stated number of citizens, varying from a single individual in Zürich to 12,000 in Bern, may propose the enactment of a new law or decree, or the repeal or amendment of an existing one, though in a few states the right is not quite so extensive. The demand is addressed to the assembly and may take either of two forms. In the more usual and the only one which most of the constitutions seem to anticipate, the proposition is not presented in the form of a statute, but couched in general terms, its elaboration being the duty of the assembly. The subsequent procedure varies. In a few states, as in Schaffhausen, the assembly must at once frame an act embodying the proposal; if it disapprove the plan, it may also draw up a counter proposal and both are submitted to the people. In two or three cantons, as in rural Basel, the plan is submitted to the people in its original form, and only if it be approved by them does the assembly proceed to the elaboration of the statute. The usual procedure, however, is for the assembly to draw up

the act if it approve the proposal, otherwise to submit it in the original form and proceed to its elaboration only if it be approved by a majority of the popular vote.

The other form of demand, expressly authorized in some states and tacitly in others, consists in the presentation to the assembly of an act already drawn up in the formal shape of a statute. In this case the assembly has no power to alter or amend, but may in general submit simultaneously a counter proposal. It would naturally be expected that where the referendum is found in the optional form a proposal originating in popular initiative need not necessarily be voted upon by the people, but that the assembly, if it approve, might enact it into law, subject of course to the chance of a demand for referendum. This is, however, not uniformly the case, several cantons requiring a popular vote on all measures of popular initiative, even though the referendum is not obligatory in other cases. In a few states, however, the assembly may enact the desired statute.

Where the initiative takes the form of the presentation of a formulated statute and the referendum is obligatory, the supersession of the representative legislature is complete. Its function becomes purely automatic, and might as well be performed by any official. Legislation in this case is effected without consulting the pleasure of the assembly in the smallest degree.

There is, however, an obvious method whereby the assembly can often defeat obnoxious proposals, and it has of course been practiced. Since any measure, to become law, must obtain a majority of the total vote, it is often a simple matter, by presenting a counter proposal, or one slightly different, to draw off enough votes to accomplish the defeat of the original proposition. Thus, when in Vaud, in 1878, the proposal was made to reduce the number of members in the assembly, that body, compelled to submit the proposal but unwilling to submit to the threatened reduction, ingeniously provided two plans, differing in detail, either of which would accomplish the desired reduction. The majority of the people voted for the reduction, but as this majority divided itself pretty evenly between the alternative plans,

the wily assembly had the satisfaction of seeing itself and the *status quo* maintained intact.

It might be expected that the right of initiative would result in a deluge of propositions. Such is, however, far from being the case. Zurich is conspicuous among the cantons for the number of such proposals, but even here the total number brought to vote during the twenty years following the adoption of the constitution of 1869 was only twenty-two. Fifteen of these were rejected by the people. In Zurich alone, apart from the Landsgemeinde cantons, can a single citizen present a proposition, but in this case it must be supported by at least a third of the assembly or by 5,000 citizens in order to be put to vote of the people.

A curiosity of Swiss constitutional law is the power of ordering the dissolution of the assembly or the council or both by a popular vote on popular initiative. The number of citizens required to initiate the proposal varies from 1,000 in Schaffhausen to 15,000 in Bern. Except in Aargau, a new election must be held after a dissolution, the newly-elected members filling out the rest of the unexpired term.

Where the people can nullify any act of the assembly, and can also initiate and enact any law, regardless of its views, this power of dismissal is so evidently superfluous that it is rather to be wondered at that it remains in the constitutions at all. It exists in only eight states, and, with one exception, is not of recent introduction in any of them. The exception is the singular one in Ticino, where alone the power of dismissal applies only to the council, and where it was first introduced so recently as 1892.

The important subject of the alteration of state constitutions must be treated briefly. In all of the cantons, without exception, the initiative may come from the people, and in all they give the final sanction. Commonly, but not always, the number of citizens who may initiate a revision is the same as for an ordinary law. The maximum is 15,000, in Bern. Two cantons require a periodical vote on revision, rural Basel once in twelve years, Geneva once in fifteen. The distinction between amendment and revision is often not made clear, the former always being called partial, the latter



total revision. Ordinarily the question first voted upon is, shall there be a revision of the constitution? and, if this is decided affirmatively, the revised constitution or the amended articles are voted upon for acceptance or rejection at a later date. In some states the revision is made by the assembly, in others, by a constitutional convention, while in a number, together with the preliminary question of revision, the people vote also on the question of whether assembly or convention shall revise. The assembly is dissolved and a new one elected after every revision in Thurgau and Schaffhausen, and also in Lucerne, Zug and Solothurn when the revision is begun by popular initiative. Three of these states even go to the absurd extreme of vacating every official position in the state, Schaffhausen, however, mercifully exempting clergy and teachers from the operation of this clean sweep.

Amendment or revision is easy and correspondingly frequent. Since the publication of the official collection of all constitutions in force, January 1st, 1880, nine cantons have adopted new ones, and most of the others have made more or less extensive alterations. It is, therefore, difficult for a foreign student to feel confident that his knowledge of the subject is up to date.

Historically and logically the cantons precede the confederation, and both referendum and initiative originated in the cantons, and have been there more fully developed than in the federal constitution, though it is naturally the latter which has attracted most attention outside of Switzerland.

Prior to the present constitution of 1874, neither referendum nor initiative existed in federal matters, except that the constitution itself, or alterations therein, required the sanction of the people and the cantons. Under the present constitution the right of initiative exists for changes in the constitution, and a facultative referendum for all federal laws.

A proposal to revise the constitution, if made by either house of the federal assembly, the other refusing its concurrence, or if made by 50,000 citizens, must be submitted to the people, the question being simply: Shall the constitution be revised? If the vote is affirmative, the assembly is dissolved and a new one elected, which proceeds with the

revision. If, however, the initiative is in the assembly itself, and both houses agree, they proceed as with ordinary legislation, subject, of course, to final popular sanction.

Before 1891 the preliminary question was always revision, pure and simple. No distinction was made between a proposal to wholly recast the instrument and the most trifling amendment, nor could the popular initiative take the form of proposing any particular change. An amendment of 1891 authorized a demand for partial revision, that is to say, amendment. Fifty thousand citizens may now demand either total revision or any alteration, and, in the latter case, may present their proposition in general terms, or submit the proposed article in formal shape. When the assembly disapproves of the proposal, it may present for simultaneous vote an alternative proposal, or a recommendation for the rejection of the plan.

In all cases, the final taking effect of an amendment is determined by its acceptance by a majority of all citizens taking part in the vote, and also a majority of the cantons, the vote of the people of a canton being taken as the vote of the canton, and the so-called half-cantons being counted as casting each one-half of a vote.

Like the initiative in constitutional matters, the facultative referendum for all other federal laws was introduced by the constitution of 1874. According to Article 89, federal laws must be submitted to the vote of the people if the demand is made by 30,000 citizens having the right to vote, or by eight cantons. The same is true, as already noted, with respect to resolutions of generally obligatory character, unless declared urgent by the assembly. In practice the demand for referendum is never made by the cantons. The difficulties of procedure make this provision a dead letter.

The demand must be made within ninety days from the official publication of the act. The vote is determined by valid ballots cast, without reference to the number voting, nor to the vote in the several cantons. It has, in fact, happened in several instances, that a law has been approved and put in force, though the peoples of a majority of the cantons



voted adversely, which would have defeated the proposal had it been for a modification of the constitution.

The subject of the practical working of these institutions is much more interesting than the dry details of constitutional law, but unfortunately it is more difficult to give any definite information on this matter. Opinion remains divided in Switzerland itself, after trial nearly as much as before trial, as to whether the results are admirable or the reverse. Only a few points are clear, one of which is that, as regards law-making, at least, the referendum is rather a conservative institution than otherwise; and another is that the quantity of law-making is thereby diminished, which in itself is no small gain. It is not an uncommon thing for a Swiss canton to escape the addition of a single act to the statute book in the course of a year, although none think it necessary to prevent their legislators meeting annually or oftener. During the twenty-one years, from the adoption of the federal constitution to the end of 1894, thirty-one measures have been put to vote of the whole people.<sup>1</sup> Of these, thirteen have been accepted, eighteen rejected. Of the thirty-one, twelve were proposals for amendment of the constitution, and of these seven were accepted; so that of laws for which the referendum was demanded just over two-thirds were rejected.

Some of these votes are without especial interest, but others are instructive. Thus several, especially of the earlier ones, indicate a strong states-rights feeling and a willingness to minimize the federal power. This is always observable in the Catholic cantons and in those where Romance languages are spoken. So with respect to two laws for the unification of the rules governing the suffrage and the political rights of citizens, both rejected by the people; and a proposal to amend the constitution by striking out the prohibition of the death penalty, which was carried, less on account of a desire to reintroduce capital punishment as of a desire to allow the cantons to do as they pleased in the matter. A later proposal to allow of the transfer of criminal cases from cantonal courts to the federal tribunal when, in consequence

<sup>1</sup> Possibly some recent ones have escaped my notice.

of political agitation, confidence in the independence or impartiality of the cantonal courts is shaken, was defeated by a large majority. Sometimes the result has evidently been determined by other considerations than the merits of the law itself. Thus between 1879 and 1885 eight proposals were voted upon, and all were rejected, though one or two at least were pretty certainly not defeated on their own demerits, the principal reasons being general dissatisfaction with the assembly and the unpopularity of certain measures which helped to drag down unoffending ones, submitted at the same time. Occasionally, an act which has been once or twice rejected has been finally accepted with slight modification, or, as in the case of the law concerning the tax on those exempted from military service, even allowed to become law without demand made for referendum.

A proposal voted upon in 1880 illustrates the working of the old rule restricting the popular initiative to the question of revision of the constitution. The demand actually presented was that Art. 39 should be amended so as to give to the confederation the monopoly of issuing bank-notes. This demand was, however, declared inadmissible, and the only question put to vote was, Shall the constitution be revised? Nevertheless the voters understood themselves to be voting on the question of the bank-note monopoly, although the assembly would not have been bound by an affirmative vote to revise in that particular way. This case also illustrates the likelihood of a change of opinion, for while it was rejected by more than two to one, the same proposal was carried eleven years later by a considerable majority. The second time, however, the question was presented as a definite proposition.

Several recent votes are particularly worth notice for various reasons.

In 1891 a proposal that the confederation should purchase the central railway was voted down by an enormous majority. Mr. Welti, then president of the confederation, and at the same time minister of posts and railways, who had actively pushed the proposed purchase, resigned in consequence of its defeat. Prior to this no minister had considered an

adverse vote as involving his retirement, the parliamentary system being as unknown in Switzerland as here. If this example were to become a precedent, which, however, seems unlikely, it might involve changes in Swiss political practice of far-reaching consequences.

A proposal for constitutional amendment made in 1893 is interesting in two ways. Since the popular initiative is restricted to changes in the constitution, the natural result has followed of enactment into the constitution of law which is not at all constitutional in character. The proposition in this instance was for an amendment prohibiting the slaughter of cattle for food according to the Jewish ritual. In spite of the disapproval of the federal assembly, the measure, which was dictated by race hatred rather than by any sentiment of humanity, was carried by a majority of over 70,000.

Two votes passed in 1894 were more creditable to the Swiss people. The first was on a proposal, also from popular initiative, that there should be distributed to the cantons from the federal treasury out of the customs receipts a sum equal to two francs per inhabitant. The object of the plan was to weaken the central government, but it was too extreme for even Swiss particularism, and was defeated by more than 200,000 majority. The second proposal, also a product of popular initiative, originating with the socialists, demanded the addition to the constitution of a guarantee of sufficiently remunerated labor to every Swiss citizen. The exaggerated fears of its opponents proved groundless, for the scheme was rejected by the enormous majority of over 230,000, and for the first time in the history of the referendum not one canton voted in favor of the proposal.

Where the referendum is obligatory for all laws, the proportion of rejections is of course smaller than where it is facultative, but it is sufficiently large to prove how real a check it is on the assembly. Of the 131 measures relating to cantonal affairs which were voted on in Zurich during the twenty years following the adoption of the constitution of 1869, eighty-nine were accepted and forty-two were rejected by the people.

A question of much importance is how large a proportion of the people take their civic duties seriously enough to vote on the questions submitted to them. The number of course varies with the varying amount of popular interest in particular measures, but on the average it is for the confederation about sixty per cent. of the whole number of citizens entitled to vote. In Zurich, during the twenty years just mentioned, the number of valid ballots cast averaged almost exactly sixty-three per cent. of the whole number of voters. Obviously the decision is commonly given by a minority of the whole electorate. These percentages are, however, larger than they would be if every voter were free to abstain. Many cantons declare voting a duty, and some back up the declaration by fining those who fail in this duty. In Zurich this is regulated by the communes, so that some of the citizens are free to remain away from the polls, while others abstain at their peril. One result of the compulsory law is seen in the large proportion of blank ballots cast. In Zurich it is often the case that more than twenty per cent., and sometimes more than thirty per cent., of the ballots are blank.

Napoleon I. made a characteristic use of the reluctant voters. The constitution of 1802, which he pressed upon the not too eager Swiss, was submitted for acceptance or rejection to the vote of the people. In round numbers 72,000 voted for acceptance, 92,000 for rejection. Plebiscites under the Bonapartes, however, always gave the proper result. On the principle that silence gives consent, the 167,000 citizens who had abstained from voting were added to the affirmative side, and the new constitution began its brief career with a very satisfactory majority.

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## THE FRENCH REVOLUTION; THE WORK OF THE COMMITTEES OF LEGISLATION AND PUBLIC INSTRUCTION IN THE CONVENTION.

THE National Convention, after a year's experience of the impossibility of directly governing revolutionary France, completed the devolution of its executive authority to the Committee of Public Safety in September, 1793, and, being thus freed from the necessity of supervising administrative details, was enabled to devote its time to its proper work of legislation. The task before it was of enormous difficulty. It had to build a new democratic France on the ruins of the France of the old régime. The constructive work which it effected is of the utmost importance. Some of its creations, such as the Republican Calendar, were not imperatively needed, and, therefore, have not lived; but others, such as the new table of measures and weights, supplied a long-felt want, and have not only existed to the present day, but have been adopted in other countries. Some of the best of its work, especially in legal and educational reform, was afterwards adopted by Napoleon, who has monopolized much of the credit really due to the statesmen of the Convention.

The constructive work of the Convention was mainly carried out by the special committees of the Convention. The committees, which were nominated after the meeting of the Convention, were considerably altered by the time of the Reign of Terror. In the original committees the Girondins held prominent places, and some of their leaders were conspicuous as chairmen and secretaries. But as a party the Girondins were not conspicuous for practical ability, and the most useful work of the committees was done after their expulsion from the Convention. Before the Reign of Terror the members of the Convention were so much occupied by bitter political struggles that the committees had not time to fulfill their special duties. But after it commenced, the deputies who preferred legislative to execu-



tive work had plenty of leisure to follow their inclinations. The necessity for avoiding politics after the government of France had been confided to the Great Committees drove deputies who did not care to go on mission to frequent their special committees the more assiduously. Whether it was from motives of patriotism or from fear for their own lives, some of the ablest deputies in the Convention, such as Grégoire, Sieyès, and Merlin of Douai, now withdrew from active political life, and deliberately refrained from criticizing the Great Committees of government. But they were not idle, as the record of the labors of the special committees on which they served plainly shows.

The men who formed the committees which labored during the Reign of Terror were most of them deputies of the Marsh, assisted by the rank and file of the Mountain. Many of the latter, however, were often on mission in the provinces, so that the work fell mainly on the deputies of the Marsh. Without elaborately analyzing the constitution of the committees, it is worth noting that several of the statesmen who were to rule France after the overthrow of Robespierre, under the name of the Thermidorians, proved their ability as members of committees during the Terror. For instance, Cambacérès, Berlier, Guyton-Morveau, Mathieu, Merlin of Douai, and Treilhard were members of the Legislative Committee; Dubois-Crancé of the Military Committee; Cambon, Mallarmé, and Thuriot of the Financial Committee; Fourcroy and Grégoire of the Committee of Public Instruction; Courtois of the Committee for Petitions; Charles Delacroix of the Committee of Alienation and Domains; Eschassériaux and Richard of the Committee for the Examination and Payment of Accounts; and Barras and Fouché served on the Naval and Colonial Committee. These names, which occur frequently in the later history of the Revolution, show that it was by no means the least able of the deputies in the Convention who practically retired from active politics during the Reign of Terror.

Of the different committees three stand out from the rest on account of the permanent and valuable constructive work which they did. These three are the Legislative Committee,

the Committee for Public Instruction, and the Agricultural and Commercial Committee.

Of the three the most important was the Legislative Committee. On the bases that it drew up were afterwards constructed the famous Civil and Penal Codes of which the glory has generally been monopolized by Napoleon. It has been too much the custom to praise Napoleon and his four learned and distinguished assistants, Portalis, Tronchet, Bigot de Preameneu and Maleville, as if they were the great innovators who alone revolutionized the law of France and led the way to codification in the rest of Europe. It is worthy of note that none of the four jurists selected by Napoleon had been members of the Convention; Tronchet had sat in the Constituent Assembly, Bigot in the Legislative Assembly, Portalis and Maleville in the Council of Ancients, but none of them in the greatest of the assemblies of the Revolution. This seems to have been an intentional slight on the surviving members of the Legislative Committee of the Convention. Napoleon, indeed, had no affection for stalwart republicans and did not wish to appear to borrow from them. Yet a careful comparison between the codes which bear Napoleon's name and the projects of legal reform drawn up by the jurists of the Convention shows how deeply Napoleon's commissioners were indebted to their predecessors of the Reign of Terror. It may be doubted whether the existing French codes would have ever taken their present shape at all, and it is quite certain that it would have taken many more years to draw them up, had not the Legislative Committee of the Convention broken the ground and prepared the way.

Two men, Cambacérès and Merlin of Douai, stand out markedly among the members of the Legislative Committee of the Convention. To them was referred the question of the possibility of drawing up any code or codes of law. One of them brought forward the scheme of a civil code; the other of a penal code.

Throughout the summer of 1793 Cambacérès devoted himself to his work in the Legislative Committee, and on Aug. 10 he read a long and learned report on the classification of

civil laws and their codification. This report cleared the way for the great work which has given Cambacérès his lasting fame. It is of a general nature, treating of the essential principles of law and of the simplest way to draw up a code. It is philosophical and juridical rather than legal, and remains to this day one of the most important essays on the subject. On August 18 Cambacérès brought forward his project of a civil code. This demanded different qualities to the Report on Codification. Whereas the latter treated of general principles, a projected code implied a practical knowledge of law. Cambacérès was a learned lawyer; he was trained in a province where the Roman law was followed, and in his scheme he frankly copied much of the arrangement and many of the principles of the received Roman codes. Though theoretically this was the best possible method of proceeding, it aroused much opposition from the lawyers of the northern provinces of France, who had been nurtured on feudal and common law, for the jealousy which existed against the magistrates, barristers and lawyers of every degree who belonged to what was roughly called the *pays du droit écrit* was very keen. The lawyers of the north declared that the project of Cambacérès was modelled on the law he had chiefly studied and was an attempt to extend the *Droit écrit* over the whole of France. There was some justification for this complaint; the consideration of the project was postponed, and Cambacérès spent the months of the Reign of Terror in compiling, with the help of certain colleagues on the Legislative Committee, a fresh code, based more upon general principles than upon the Roman law. This project was brought before the convention just before the close of its session, but did not become law, owing to the pressure of political business and the persistent hostility of certain lawyers of the northern school. This was the project which was taken up by Napoleon as First Consul when Cambacérès held the office of Second Consul, and was eventually promulgated, with certain alterations and additions, as the Civil Code in 1804. A study of the reports and projects of Cambacérès shows him to have been a profound jurist, thoroughly versed in the general



principles of law and well acquainted with the Roman codes and the glosses upon them. He was not a great reformer or innovator; he possessed rather the power of codifying and simplifying. His name must ever rank among the greatest codifiers of the modern world, but there have been lawyers possessing a wider acquaintance with different bodies of law and more skilled in adapting legal principles to the actual demands of modern times.

Merlin of Douai<sup>1</sup> was to some extent the complement of Cambacérès. He too was a profound jurist, but he had been trained in the common and feudal law which prevailed in the north of France, and was therefore more able to apply new principles to existing conditions and a more courageous reformer and innovator than Cambacérès.

After the establishment of the Reign of Terror, Merlin, like Cambacérès, buried himself in the Legislative Committee. He undertook the task of drawing up a new penal code. Like the civil code of Cambacérès, it was not accepted by the Convention owing to want of time for its thorough discussion, but it formed the basis of Napoleon's Penal Code. Merlin's code was thoroughly modern in its conceptions. It abolished all brutal and degrading penalties, and regarded punishment as an act for the preservation of society and not of revenge. Where Napoleon's code differed from it, it differed for the worse, for Napoleon reestablished confiscation of property, branding, and perpetual imprisonment, which Merlin had abolished. From one point of view the work of Merlin is far superior to that of Cambacérès. It argued a singular enlightenment and humanity in sharp contrast to the barbarous laws which had previously prevailed in France, and which existed for some time longer over the rest of Europe; but from another point of view it must be remembered that Merlin's task was easier than that of Cambacérès, for he was able to draw on the generally accepted principles of justice and humanity and had not to attempt to harmonize widely differing systems of law. There is a curious difference, together with a marked resemblance,

<sup>1</sup>The best biography of Merlin is that by Mignet in Vol. i. of his *Notices et Portraits*.

between Merlin and Cambacérès; the framer of the civil code was a typical southerner and a descendant of an old family of legal nobility, while the framer of the penal code was a typical northerner and the son of a roturier. Both kept in the background during the Reign of Terror; both came to the front after the death of Robespierre; both served Napoleon and accepted titles from him. Both used their legal knowledge for the establishment of the Terror—Cambacérès in declaring all who took any part in open opposition to the Convention outlaws and liable to the penalty of death on identification, and Merlin of Douai in framing the Law of the Suspects.

But it must be remembered that these two men were actively helped by many other distinguished lawyers. Garran de Coulon, for instance, was for a long time President of the Committee; and Berlier, Mailhe, Pons de Verdun, Treilhard and Durand-Maillane worked hard upon it during different stages of its existence. Some of the most distinguished Girondins, notably Guadet and Vergniaud, served upon it, while Lanjuinais was twice a member, both before and after his proscription. Among the leaders of the Mountain, who formed for a time a part of it, were Robespierre, Barère, Couthon and Vadier, and among the Dantonists may be noted Lacroix and Fabre d'Eglantine. The coöperation of members of so many different parties and sections shows how earnest was the desire on all sides of the Convention to draw up new and simple laws for France.

In truth, one of the most important duties that fell to the Convention was that of building up a great French State out of a collection of provinces, and in nothing was the provincialism of the old Royal France so marked as in its legal arrangements. Voltaire remarked, that in a ride through France the traveller came under a new jurisdiction whenever he changed his horse. Each jurisdiction, as represented by its separate parlements and special courts, each with a separate bar, different laws and varying procedure, proudly maintained its independence. The kings of France attempted to overthrow this independence in vain; it was reserved for the Revolution to sweep it away and thus to unify France.



Had the different laws administered all been good, their difference would not have so much mattered, but they rivaled each other in barbarity in criminal matters and in complicated chicanery in civil matters. The *droit coutumier* varied in the northern Provinces and the *droit écrit* was variously administered in the southern Provinces. There was no simplicity in the old French law, no finality in the old French legal procedure, and one of the greatest benefits France owes to the Revolution is the improved and enviable legal system which now prevails.

It is not just to attribute the entirety of this great and sweeping reform to the Convention. Both the Constituent and the Legislative Assembly had seen the necessity for legal reform and had taken some steps towards it. Dr. Guillotin, for instance, had persuaded the Constituent Assembly on Dec. 1, 1789, to abolish all barbarous methods of executing criminals, and to substitute for breaking on the wheel a painless method of decapitation. The machine which he advocated, and which bears his name, the guillotine, was originally proposed in mercy to condemned criminals, and was accepted from that belief. The Convention did not definitely promulgate the new codes; that glory was reserved for the general who overthrew the French Republic; but it was the Legislative Committee of the Convention which laid the bases for the codes, and laid them during the very height of the Reign of Terror. The discussion of the projected codes of Merlin and Cambacérès formed only a part of the work of the Legislative Committee. Innumerable other points were referred to it: it had to supervise the existing legal tribunals,<sup>1</sup> and see that the laws were carried out, and it had to put the resolutions of the Convention into legal form. All this work was done quietly, promptly and efficiently. But it was the clear understanding of the need for simple and logical codes of law which gives the Committee its unique distinction. To few countries has it been given to revolutionize their whole legal system while at war with enemies on every side, and the Convention deserves credit

<sup>1</sup> For instance, see Schmidt, *Tableaux de la Révolution Française*, Vol. ii, pp. 136, 137.

for its steady adherence to the advancement of legal reform. The spirit which inspired the projected codes is best expressed by the great financier, Cambon, a few days after the acceptance of the Constitution of 1793. "We have political laws," said Cambon, on July 13, 1793, "but in addition to political laws there must be civil laws; your Legislative Committee has hitherto done nothing on this point. I demand that a commission of five members be chosen in the Legislative Committee to present us with a project of a civil code; not unintelligible rubbish in pedantic legal form, but a code simple and clear as the Act of the Constitution."<sup>1</sup> This proposition of Cambon led to the scheme of a civil code brought forward by Cambacérès, on Aug. 10, 1793, and stimulated the whole Legislative Committee to pursue its labors.

In legal procedure the Convention preserved all the arrangements made by the Constituent Assembly, and elected judges were maintained as best suited to carry out the theory of democracy. These elected judges had not always given satisfaction politically, and Danton inveighed against them on September 22, 1792, as generally chosen from the ranks of legal pettifoggers,<sup>2</sup> but they appear to have done their duty entirely to the satisfaction of the people, and the principle of elected tribunals was maintained by the Constitution of 1793. But an important distinction was preserved between civil and criminal matters. Articles 96 and 97 of this Constitution were simple and direct upon the treatment of criminals. *Article 96*: "No citizen can be sent for trial except upon an accusation laid before the jury, or decreed by the Legislative Body. The accused shall have counsel, selected by themselves, or named officially. The trial shall be public. Both facts and intentions shall be decided by a jury. Sentence shall be passed by a criminal tribunal." *Article 97*: "The criminal judges shall be elected every year by the electoral assemblies." With these regulations must be coupled Articles 13-15 of the Declaration of the Rights of Man, prefixed to the Constitution of 1793.

<sup>1</sup> Stephens' *Orators of the French Revolution*, Vol. i, p. 503.

<sup>2</sup> *Ibid.*, Vol ii, pp. 172-175.

*Article 13*: "Since every man is presumed to be innocent until he is found guilty, if it is considered indispensable to arrest anyone on suspicion, all rigour, which is not rendered necessary for the security of his person, shall be severely forbidden by the law." *Article 14*: "No one shall be tried or punished, except after having been heard in his defence, or legally summoned, and then only under a law which shall have been passed previous to his offence. The law, which would punish offences committed before it was in operation, would be tyrannical: the retrospective effect given to the law would be a crime." *Article 15*: "The law can only prescribe punishments which are strictly and evidently necessary; punishments ought to be proportionate to the offence and useful to society." No sentiments can be more laudable than these in the Constitution of 1793, and they truly expressed the real feelings of the majority of the Convention with regard to the government of the country in time of peace. In one most important point the Convention exactly followed the example of the Constituent Assembly, for it directed the employment of a jury in all criminal cases, thus affirming the principle sanctioned by the Constituent Assembly on April 29, 1790.

In another respect the Convention followed the example of the Constituent Assembly by rejecting the employment of juries in civil suits.<sup>1</sup> Condorcet, in his plan of a constitution, proposed that elected jurors should be employed in civil as well as in criminal cases. But the Constitution of 1793 fell back on the doctrine of the Constituent Assembly. It was decreed in Articles 85 to 95 of the Constitution of 1793, that civil disputes should be decided by elected justices of the peace and public arbitrators, who were to do justice in public and without expense, and who were to be judges both of the fact and of the law. Cambacérès ably opposed this confusion between questions of law and fact, and advocated the employment of a jury to discover the truth of the facts. The report of the Legislative Committee was opposed by, among others, Thuriot, Héroult de Sechelles, Couthon and

<sup>1</sup> On the question of the institution of the jury in civil matters, see an article by the late J. C. Colfavru, in the *Révolution Française*, Vol. i, pp. 449-477.



Robespierre. These statesmen all argued that it was not possible to separate questions of law from questions of fact, and they won the day. The use of a jury in civil suits did not become the rule in France until after the proclamation of the Empire. Cambacérès found in the objections used against him powerful arguments for the completion of a code. He showed that when once a code had been drawn up and made law, legal questions would present no difficulties, and he therefore urged on the immediate completion of a simple body of law in the form of a code. The Convention, likewise, ardently desired the completion of this task, but they were incredulous when Cambacérès asserted that it need not be the work of more than a few months. Nevertheless, the Constitution of 1793 consecrated the principle, for Article 85 says: "The code of civil and criminal laws is one and uniform for the whole of the Republic."

The next most busy committee to those of Public Safety and General Security was the Committee of Public Instruction. The founders of the first French Republic perceived that the only method by which the prosperity of France and the stability of the new government could be maintained was by the creation of a regular system of national education.<sup>1</sup> To all intents and purposes the Convention had to create a system of national education to take the place of the schools managed by ecclesiastics, which had disappeared. The statesmen of the Convention understood their duty, and Cambon expressed their views when, on July 13, 1793, he declared: "It is imperative that we should occupy ourselves with the question of public instruction. . . . Such a work would be the cannon of position which you should offer to your critics."<sup>2</sup>

<sup>1</sup>On the treatment of educational questions during the Revolution, see, among other works, *L'Instruction Publique en France pendant la Révolution*, by Célestin Hippeau, 2 vols., 1881-1883, of which the first volume contains the most important Reports on the subject, and the second a summary of the debate in the Convention; *Instruction Publique et la Révolution*, by Albert Duruy, 1882; *L'Ecole sous la Révolution Française*, by Victor Pierre, 1881; *L'Ecole de Village pendant la Révolution Française*, by A. Babeau, 1881, and *L'Instruction Primaire en France avant la Révolution*, and *La Question d'Enseignement en 1789, d'après les Cahiers*, by the Abbé E. Allain, 1881 and 1886.

<sup>2</sup>Stephens' *Orators of the French Revolution*, Vol. i, p. 503.

The first decree of the Convention with regard to education was passed on Dec. 12, 1792, on the motion of Chenier, and simply declared that "primary schools shall form the first degree of instruction, and in them shall be taught all the knowledge rigorously necessary for all citizens." The month of December, which is politically notable for the debates that led to the trial of the King, was that in which the Committee of Public Instruction showed its first spell of activity. On Dec. 18 Lanthenas read an elaborate report, in which he argued that the whole system of national education must be discussed and laid down before any steps were taken with regard to the primary schools. A long discussion took place upon this report, which was interrupted in characteristic fashion by Marat, who said: "However brilliant may be the speeches delivered on this subject, they should yield place to more urgent interests. It seems to me that you are like a general who amuses himself in planting trees with the idea of feeding his soldiers who are dying of hunger on their fruit." On Dec. 20 Romme propounded an elaborate general scheme<sup>1</sup> based upon that which Condorcet had reported to the Legislative Assembly, but the trial of the King, which succeeded, temporarily adjourned the discussion of educational questions. During the internecine struggle between the Girondins and the Mountain, various points of general interest to education were discussed, and on May 30, 1793, the day before the *coup d'état* which led to the expulsion of the Girondin leaders, Barère carried a decree creating primary schools throughout France. The reason why Barère's name is found attached to this important act of legislation is that the first Committee of Public Safety had taken charge of the matter, and, seeing its urgency, reduced the elaborate schemes of the Committee of Public Instruction to a definite and essential resolution.

On June 3, after the overthrow of the Girondins, some of the committees of the Convention were renewed, and among them the Committee of Public Instruction. New men came to the front, and new ideas were propounded. The first

<sup>1</sup> Printed in Hippeau, *L'Instruction Publique en France pendant la Révolution*, Vol. i, pp. 302-342.



reporter who appeared in the tribune was Lakanal, a former priest and professor at the college of Bourges, who on June 26 argued that primary instruction alone should be given at the expense of the State, while secondary, higher and special education should be left to private enterprise. It was commonly reported that Sieyès was the real author of this idea, and Hassenfratz, a well known mineralogist and future professor, made use of this in an attack upon Lakanal's scheme. "You must know," he said, "that Lakanal is not the author of this project; its father is the priest Sieyès, whose perfidy you know. This man has conducted himself with constant duplicity; he plays at loving liberty while he is infected with aristocracy. . . . . It is a new mountain of aristocracy that Sieyès wishes to build up in imitation of the Sorbonne, in order that he may direct public opinion as he wishes." This attack shows both how careful Sieyès had to be to save his life and also the tone of the opposition made to Lakanal's scheme. Since the plan was supported by the majority of the Committee of Public Instruction, a successful effort was made by its opponents to set aside the committee. Lakanal's project was practically rejected, and a special commission of six members, including Robespierre, and Léonard Bourdon was appointed to propose a new scheme on democratic lines. They based their ideas upon a plan that had been found among the papers of Lepeletier de Saint-Fargeau, which was twice read to the Convention at length by Robespierre on July 13 and 29. Lepeletier suggested that all children of all classes of society should be taken from their parents and educated, clothed and nourished alike from the age of 7 to 14 in buildings called Houses of Equality. Léonard Bourdon, the reporter of the Commission of Six, dared not accept this scheme in its entirety, but proposed that boys should be educated in common at the cost of the Republic only if the parents wished it. The discussion of this question continued at intervals until Aug. 13, when it was resolved that such establishments should be formed to which parents might be allowed, but should not be compelled to send their sons. This was the view advocated by Danton and finally accepted by the Convention. It is instructive to observe that these important

discussions took place in the months of July and August, 1793, when the Republic was hard pressed by foreign invaders and internal insurrections. The next step was taken on the initiative of a petition presented by the authorities and the popular societies of Paris on September 15. This petition demanded the immediate organization by the State of secondary and higher education. The petition was agreed to, and the Commission of Six, which by the addition of Guyton-Morveau, Petit and Romme had become the Commission of Nine, was ordered to put this principle into practical shape. Romme acted as reporter, and on his motion a series of decrees were passed on 30 Vendémiaire and 5, 7 and 9 Brumaire (Oct. 21, 26, 28 and 30), which placed the entire system of education in the hands of the State. All private schools, all schools of law, theology, etc., under whatever name they existed, were suppressed, and it was decreed that no one, male or female, who was of noble birth or bound by any religious vow, could be appointed a teacher in any school, from the lowest to the highest.

The propositions of Romme were carried and the Commission of Nine was dissolved. Meanwhile a new Committee of Public Instruction had been elected in October, 1793. It contained only four members of the original committee, Arbogast, David, Mathieu and Romme; the name of Sieyès, who had served on the second committee, was conspicuous by its absence, while Lakanal was absent from the Convention on mission; but among the new members were some men of great ability, such as Fourcroy, the chemist, who had succeeded Marat as deputy for Paris, Guyton-Morveau, another man of science, and three constitutional bishops, Grégoire, Gay-Vernon and Thomas Lindet. The new committee soon expressed its strong objection to Romme's scheme of education. Fourcroy, in particular, declaimed against forming a powerful educational hierarchy paid by the State. It seemed to him that such a body of teachers would have too great a power in their hands, and would tend to become eventually as dangerous a body as the priests. These arguments were supported by many other deputies and convinced the Convention. A counter project was brought forward by Bouquier,

as reporter for the new Committee of Public Instruction, on 22 Frimaire, Year II (Dec. 12, 1793). In this report it was argued that teaching should be a free profession, and that there should be no official body of teachers. This was at once agreed to, and primary schools all over France were ordered to be established, to which masters and mistresses should be appointed by the local authorities. Out of the discussion which took place at this time arose the sanction by the Convention of the principle of compulsory education. The original text of the decree read that parents or guardians might send their children or wards to primary schools. Charlier moved an amendment that they should be obliged to send them. Thibaudeau opposed the amendment, but Danton supported it, and it was accepted by the Convention. On 24 Germinal, Year II (April 13, 1794), Bouquier read a second report, completing the first and permitting the organization of secondary schools on the same lines. But it was decreed, as Lakanal had originally proposed, that secondary instruction should not be given gratuitously. In Bouquier's own words, "The Republic only owes to its children free instruction in those departments of knowledge which are necessary to them in order to exercise the rights and fulfill the duties of a citizen." Bouquier's arrangement remained in force until the later days of the Convention, when a new series of debates led to a different arrangement.

From this sketch of the history of the progress towards a system of national education in France, it will be observed that the Convention often changed its mind. To one point, however, it remained constant, that the provision of primary education was a duty which must be undertaken by the state. The extreme idea of primary education in common was rejected, but free and compulsory education was heartily adopted and remained the law in France throughout the existence of the first Republic.

It will have been noted that, while the duty of the state with regard to primary education was generally recognized, the treatment of secondary education caused much dissension. It was finally agreed on 24 Germinal (April 13, 1794) that it should not be gratuitous, but power was given to



local authorities to pay for poor pupils who seemed likely to profit by a more thorough education.

The Convention was too much occupied with legislating about primary education to reorganize the system of higher education, but for professional and technical instruction the Convention did much. Among other institutions it founded, during the Reign of Terror, the famous Polytechnic School. There had been a school of civil engineering called the "École des Ponts et Chaussées" at Paris, but the instruction given by it had been insufficient, the pupils being taught by their seniors and not by a body of professors. Entrance to the school was only granted by favour. On 12 Ventôse, Year II (March 11, 1794), Barère, in the name of the Committee of Public Safety, read a report upon the bad state of the public works in France, and proposed the creation of a Central School of Public Works. It was organized by an engineer named Lamblardie and established in the Palais Bourbon, and out of it grew a few months later, in September, 1794, the celebrated Polytechnic School, which has been the type of many similar institutions throughout Europe. The Polytechnic School was thus in its inception a creation of the Reign of Terror; the other most important professional schools were not organized until after the overthrow of Robespierre.

The intentions of the Convention were good; the debates on the subject of national education are most interesting and valuable, and the reports alike upon the general question and its many sub-divisions are full of sound learning and wide experience, and are models of methodical arrangement. Yet the period of this legislative activity, with regard to public instruction, was that in which the national education was at its very lowest level in France. It was one thing for the Convention to legislate; it was another for the local authorities to find teachers and to maintain the existing schools. In country districts, as has been said, education had been entirely in the hands of the Catholic priests. When they emigrated or were imprisoned, there was no body of lay teachers ready to take their place. The local authorities were poor and disinclined to pay school teachers' salaries, and

if they wanted to pay them there was no central institution from which teachers could be obtained. The old system of clerical education, which was excellent in its way, had disappeared, and the new secular system had had neither time nor opportunity to come into existence. A report made by the authorities of the cantons of the Department of the Haute-Garonne for the Year VI (1797-8), which has been reprinted,<sup>1</sup> gives some idea of the absolute lack of educational facilities brought about by some years of the Revolution. Out of the 55 cantons in this Department the reports are extant for 53. In these 53 cantons there were 35 without any teachers whatever, public or private. There were five with one teacher, and thirteen with more than one. In the Department of the Lot, in the same year, only 85 communes out of 448 had any primary schools.<sup>2</sup> Equally telling are the statistics put forward with regard to Lorraine. In the Department of the Meurthe-et-Moselle, there were one or more schools in 566 out of 599 communes in 1789; in 1801 there were only schools in about 200.<sup>3</sup> These are fair specimens of the neglect into which the schools had been allowed to fall. The details for the departments of the Seine-Inférieure and the Nord<sup>4</sup> show very similar results. It was, doubtless, a difficult task to establish in a moment a national school system, but it is a striking illustration of the difficulties of the Convention, that at the time of its greatest legislative activity with regard to education, education itself was steadily declining.

A curious point may be marked in Bouquier's report of 24 Germinal (April 13), and that is his attitude towards the

<sup>1</sup> *Etat de l'Instruction primaire dans un Département Français en l'An vi.*, by F. A. Aulard, in *La Révolution Française*, Vol. xiii, July-Dec., 1887. pp. 97-106.

<sup>2</sup> *Revue de la Révolution*, Vol. iii, Jan.-June, 1884, p. 317, in a review of *L'Instruction primaire dans le Département du Lot pendant la Révolution Française*, by M. Combarieu (Cahors, 1882).

<sup>3</sup> Abbe L. Maggiolo, *L'Instruction Publique avant et après 1789*, in the *Revue de la Révolution*, Vol. iv, July-Dec., 1884, p. 117.

<sup>4</sup> *L'Instruction Primaire dans le Département du Nord pendant la Révolution in la Révolution Française*, Vol. ii, Jan.-June, 1882, pp. 959-969.



teaching of law. "The laws," he said, "ought to be simple, clear and few; they ought to be such that every citizen can carry them always with him; therefore, far from establishing schools of law, the National Convention ought to forbid under severe penalties the publication of all paraphrases, interpretations, glosses and commentaries."<sup>1</sup>

The vexed question of the education of women received great attention from the statesmen of the Revolution. Condorcet in his great report laid it down that women had as much right to education as men had, and should be educated in the same fashion. Deleyre, an intimate friend of Rousseau, who sat in the Convention for the department of the Gironde, developed a scheme for the professional education of women, especially in the country. "Bring up girls," he said, "separately no doubt, but with the same principles as boys, in the love of their country and of labor; let them learn to honor bravery in order that they may inspire it, and to hate tyrants rather than to corrupt them and be dominated by them. Establish, in addition to primary schools for the two sexes, special houses of education for young girls, where they shall be trained for the domestic work, which is their destiny. Instead of class-rooms for mathematics, geography and science, open for them class-rooms for the teaching of all sorts of needle-work, such as embroidery, tapestry, and fine sewing, and even workshops for baking, pastry-making and confectionery, in order that they may learn all that concerns the needs and duties of a household. May the kitchen and the housekeeper's room be open to them, that they may learn the secrets of expense and economy, the arts of dressing food, making jam and pickling, and all the means for living healthy and cleanly with frugality or even with comfort and simple refinement."<sup>2</sup>

The celebrated Theresa Cabarrus, at one time Comtesse de Fontenay, but better known as Madame Tallien, had a different idea for the right education of women. On 4 Floreal (April 28, 1794) this lady sent a letter to the Convention, in

<sup>1</sup> Hippeau, *L'Instruction Publique en France pendant la Révolution*, Vol. ii. p. 145.

<sup>2</sup> Ibid., Vol. ii., p. 33.

which she proposed that young girls should be obliged to spend part of their time nursing in the hospitals, which she thought would be the best education for their future happiness as wives, and she expressed her hope that lay women would take the place of sisters of mercy and nuns.

Further, while education was to be given to all classes and both sexes free, it was also to be used as a means for strengthening the unity of France. Just as the variety of laws helped to keep France a congeries of provinces instead of a united nation, so did the difference of language and the use of dialects. On Pluviôse, Year II (Jan. 27, 1794), Barère, in the name of the Committee of Public Safety,<sup>1</sup> pointed out that the use of the German language in Alsace, of the Italian language in Corsica, of the Basque language in the Pyrenees, and of the Breton language in Brittany, had been one of the main causes of the disaffection shown to the Republic in those parts. He argued that, as the people in those provinces could not understand the French language, they could not understand the new laws of the Republic, or appreciate the benefits it conferred on them, and it was therefore decreed that teachers of the French language should be established at the charge of the state in all foreign-speaking districts. Grégoire went even further. He desired to put an end to the various dialects or patois which were current in France. In a most learned report,<sup>2</sup> which he read to the Convention on 16 Prairial (June 4, 1794), he enumerated the different dialects or patois, and declared the necessity of creating an absolute identity of language. The abolition of patois has never been effected in France, but the motive which lay at the root of Barère's and Grégoire's reports was the notion, which greatly influenced the Convention in all its policy, of building up a thoroughly united France with identical laws and languages.

In education, as in law reform, the Convention laid the bases for the great improvements for which Napoleon has generally received the credit. Just as the projects of Cam-

<sup>1</sup> See Barère's report in Stephens' *Orators of the French Revolution*, Vol. ii, p. 39-51.

<sup>2</sup> Reprinted in *La Révolution Française*, Vol. ii, Jan.-June, 1882, p. 649-672.

bacérès and Merlin of Douai paved the way for the Code Napoléon, so the reports of Condorcet, Romme and Lakanal pointed out the direction of the great educational reforms of the Empire. It has been too often asserted that the Revolution cleared the ground on which Napoleon built up a new France. It is more correct to say that, while the Revolution swept away the past state of things, the Convention laid the foundations upon which Napoleon afterwards erected the completed edifices. In educational, as in legal reform, the first and most important work was done during the Reign of Terror. After Thermidor progress was resumed and the plans sketched out during the Terror were completed. But the Convention did not carry into effect the full intentions of its Legislative and Educational Committees; their work was discussed during the Directory and eventually appropriated to his own glory by Napoleon.

The Committee of Public Instruction was not restricted to the duty of considering educational questions and suggesting plans of reform; it had also the charge of many other important measures. It understood education in the widest possible sense, and many matters which seemed to have little to do with the work of actual instruction fell within its scope. For instance, it assumed the duty of superintending and legislating for libraries and museums. On 4 Pluviôse Year II (Jan. 21, 1794), Coupé of the Oise, a member of the Committee of Public Instruction, brought up a Report on Libraries. The Convention, soon after its meeting on Oct. 10, 1792, had given orders that, when religious houses or monasteries, and the property of émigrés, were sold, all books, pictures and scientific objects should be reserved from the sale, taken to the capital of the department and placed under the charge of the local authorities. These orders had been perfunctorily obeyed, and Coupé of the Oise declared that in many chief cities of departments, literary treasures, both of books and manuscripts, were piled up carelessly and exposed to dilapidation. He therefore suggested, and the Convention agreed, that at the headquarters of each district should be established a local library and museum, which should be founded with the artistic and literary property



confiscated in the neighbourhood. Each local administration was also ordered to draw up a catalogue of its literary treasures. On 21 Germinal, Year II (April 10, 1794), Grégoire read a report on the same subject, in which he complained bitterly of the losses that had been caused by the carelessness with which books had been moved, and of the inadequacy of the catalogues supplied. The Bibliothèque Nationale, and the other great libraries of Paris, were enormously enriched during this period, but their complete organization was not undertaken until the last days of the Convention.<sup>1</sup>

Equal interest was taken in museums of natural history and of antiquities. The Jardin des Plantes, of which Bernardin de Saint Pierre had been appointed director in July, 1792, was largely increased in value. Though it had been the special care of Buffon, and had three professorships attached to it—of botany, of chemistry and of anatomy,—it contained no collection of animals in 1789. It was not till 1793 that the five remaining animals of the Royal Menagerie at Versailles were removed to the Jardin des Plantes, at Paris. They were a lion, a rhinoceros, a zebra, a bubal and an Indian pigeon, and were soon joined by two dromedaries, which had belonged to the Prince de Ligne, and by the animals belonging to three traveling menageries, which had been confiscated by the police. These animals were placed under the charge of Geoffroy-Saint-Hilaire, then a young man of twenty-one, and formed the foundation of the splendid collection now exhibited in the Jardin des Plantes, at Paris. Lakanal saw the advantage of uniting the studies of zoology and botany, and, at his proposal on June 10, 1793, the number of professors at the Jardin de Plantes, the name of which was changed to the Natural History Museum, was raised to twelve. Among the twelve were such famous men of science as Daubenton, Fourcroy, Brongniart, Jussieu and Lamarck. The most remarkable clause in the decree creating the museum was that vacant chairs were to be filled by the

<sup>1</sup> On the library policy of the Convention, see Hippeau, *L'Instruction Publique en France pendant la Révolution*, Vol. i, 257; Vol. ii, pp. 133, 139-144; and *Le Vandalisme Révolutionnaire*, by Eugène Despois (Paris, 1885), pp. 208-221.

coöptation of the professors, and not by any central authority.<sup>1</sup> It was the Constituent Assembly which had designed the Louvre as a Museum of Paintings and of Fine Arts, but it was the Convention which really founded the famous gallery, for on July 27, 1793, it passed a decree by which 100,000 livres a year were to be spent in the purchase of pictures and statues for the Louvre. On 27 Nivôse (Jan. 16, 1794), on the motion of David, a special commission was appointed to take charge of the collection, which included such well known artists as David and Fragonard, and one of its first measures was to obtain leave to unite with the pictures already collected those which had belonged to the "Cabinet du Roi," at Versailles, which had hitherto been left in that city. Among them were the priceless "Gioconda" of Lionardo da Vinci, and the "Saint Michael" of Raphael.<sup>2</sup> Further, on 28 Frimaire, Year II (Dec. 18, 1793), Mathieu, in the name of the Committee of Public Instruction, got a decree carried for the formation of provincial museums, and Grégoire, on 12 Prairial (May 31, 1794), another for the establishment and maintenance of botanical gardens.<sup>3</sup>

To the Committee of Public Instruction also fell the duty of carrying into effect a new national system of weights and measures. Like laws and dialects, every province of France had its own tables of weights and measures. That was not all. Confusion became worse confounded, and in Paris it was said that there existed forty-five different names for the same units of measure and weight. The Constituent Assembly determined to put an end to this confusion and to have one recognized system of weights and measures for the whole of France. The settlement of this difficult question was referred by it to the Academy of Sciences. On Nov. 25, 1792, the Academy explained to the Convention the extraordinary scientific difficulties which had hitherto prevented it from completing its work. By August 1, 1793, however, a scheme had been drawn up, and on that day,

<sup>1</sup> Despois, *Le Vandalisme Révolutionnaire*, pp. 79-88.

<sup>2</sup> *Ibid.*, pp. 145-151.

<sup>3</sup> Hippeau, Vol. ii., pp. 158-160.



Arbogast, in the name of the Committee of Public Instruction, expounded the proposed new system to the Convention. The three points on which most stress was laid were, first, the determination of a standard of unity to which the whole system should be referred; second, the relation between measures of length, superficies and capacity, and between these measures and the notation of weights and money; third, the introduction of decimal divisions in the place of the various arbitrary divisions which had formerly prevailed. It was promptly resolved by the Academy of Sciences that a certain proportion of the true Meridian should be taken as the unit for the measure of length. The new code of weights and measures, the now familiar metric system, was ordered to come into operation throughout the Republic on 13 Messidor, Year II (July 1, 1794). It was adopted without opposition, for it supplied a much-felt want, and it was welcomed by all classes of consumers and producers. The rapid disappearance from use of the old and illogical measures by itself proves the necessity for a new and uniform system. The decimal system of division and multiplication was so delightful in its simplicity that it satisfied everyone from the legislator to the peasant. The French code of weights and measures has now been adopted by nearly every country in Europe, and bids fair to become universal. Though originally intended only for the use of Frenchmen, this creation of the Convention has been everywhere commended, and it has lasted while many of its other schemes and projects have been condemned.

Of the same nature as the republican system of weights and measures was the Republican Calendar. The old Gregorian Calendar was as illogical as the old weights and measures, but the legislators of the Convention did not understand that their new uniform system was, in the latter case, accepted and approved, because of the conflicting and troublesome variety which existed, not because the former systems were illogical. The Gregorian Calendar, on the other hand, was used all over France, and there was no practical necessity to interfere with it. Many philosophers of the 18th century disapproved of the names of saints being attached

to particular days, as contributing to increase the power of the Catholic Church. Some, also, had been struck by the curious anomaly that the days of the week were called after heathen gods and goddesses, and the months by the old Latin names. These ideas had been freely expressed in France, and fanciful or satirical calendars became a favourite form of literature with the French people during the epoch of the Revolution.<sup>1</sup>

Many of these calendars gave new names to the months. Maréchal, for instance, in a specimen almanack for 1793, proposed to substitute Law for January, People for February. Fathers for March, Husbands and Wives for April, Lovers for May, etc., etc., while in another publication, February is termed the month of the Civic Oath, March the month of Liberty, etc. It was further so well known that almanacks generally containing prophecies and rural information were the chief forms of literature purchased by the poor, that efforts were made to propagate revolutionary ideas by means of them, and the Jacobin Club offered a prize for the best Revolutionary Almanack, in 1791, which was won by Collot d'Herbois.

The idea of revolutionizing the calendar and re-naming the months and days, and thus acting on the minds of the poorer and rustic classes, was, therefore, familiar to the French people long before the Convention took the matter in hand and directed the Committee of Public Instruction to draw up a scheme of a Republican Calendar.<sup>2</sup> The Committee appointed a Commission, consisting partly of its own members and partly of eminent men of science, including Lagrange, Lalande and Monge. Romme was elected reporter, and on Sept. 20, 1793, he laid his report before the Convention.<sup>3</sup> He first insisted on the illogicality of the various

<sup>1</sup> On this subject see *Les Almanachs de la Révolution*, by Henri Welschinger (Paris, 1884).

<sup>2</sup> On the Republican Calendar consult the series of articles by M. Georges Villain in *La Révolution Française*, Vols. vii and viii, Nov., 1884-April, 1885, entitled *Étude sur le Calendrier Républicain*, Welschinger's *Almanachs de la Révolution* and Marc de Vissac's *Romme le Montagnard* (Clermont-Ferrand, 1883).

<sup>3</sup> Reprinted in *La Révolution Française*, Vol. viii, pp. 636-648.

months containing different numbers of days, and proposed that for the future the Republican Year should contain twelve months of thirty days each. This year was to be adapted to the solar year by the addition of five complementary days in ordinary years and of six complementary days in leap year. The next point was to fix the commencement of the New Year. It was observed that the Proclamation of the Republic had taken place upon the day of the autumnal equinox, and that both nature and history agreed that Sept. 22, 1792, was the first day of the Republic and therefore the first day of the new era. It was therefore proposed that the twelve months of the Republican Year should begin from Sept. 22, and that from Sept. 17 to 21 should be the complementary days. Next he discussed the question of the division of the months. A week of seven days would not fit, so each month was divided into three decades of ten days each. Romme suggested the following names for the months to replace the former Latin designations: the months of the Republic, Unity, Fraternity, Liberty, Justice, Equality, Regeneration, Reunion, Oath of the Tennis Court, Bastille, People and Mountain. The five ordinary complementary days were to be called Adoption, Industry, Gratitude, Paternity and Old Age, while in every leap year was to be a sixth complementary day, the Revolution. For names of the ten days of the decades Romme proposed that the first day should be Level-day, from the symbol of equality, the second Leap-day, from the symbol of liberty, the third Cockade-day, in honor of the national colors, the fourth Pike-day, from the weapon of a free man, the fifth Plough-day, from the implement of agricultural wealth, the sixth Compass-day, from the instrument of industrial wealth, the seventh Sheaf-day, indicating the force which is created by union, the eighth Cannon-day, from the instrument of victories, the ninth Oak-day, the oak being the emblem of generation and the symbol of social virtues, while the tenth was to be Repose-day.

Romme's report came up for discussion on Oct. 5, 1793. His arrangement of the years, months, and decades was accepted, but his names for the months and days were

severely criticized. It was resolved that the days of the week should be called *Primidi* or first day, *Duodi* or second day, *Tridi* or third day, up to *Décadi* or tenth day, while the months were to be called simply First month, Second month, etc. Thus, on Oct. 7, the *Moniteur* bore upon its title page the date: "16th day of the First month of the Year II of the French Republic." This manner of dating was not popular; it was then determined to give new names to the months. No attempt was made to name the days of the decades, but the Committee of Public Instruction was directed to propose names for the months, corresponding to natural seasons, not to historical events. Fabre d'Eglantine took this matter in hand and on the Third day of the Second month of the Year II (Oct. 24, 1793), he presented his report.<sup>1</sup> It was discussed and adopted on the following day by the Convention. The first month, which ran from Sept. 22 to Oct. 21, was called Vendémiaire, the month of the Vintage; the second month (Oct. 22 to Nov. 20), Brumaire, the month of Fogs; the third (Nov. 21 to Dec. 20), Frimaire, the month of Frosts; the fourth (Dec. 21 to Jan. 19), Nivôse, the month of Snow; the fifth (Jan. 20 to Feb. 18), Pluviôse, the month of Rain; the sixth (Feb. 19 to March 20), Ventôse, the month of Wind; the seventh (March 21 to April 19), Germinal, the month of Buds; the eighth (April 20 to May 19), Floréal, the month of Flowers; the ninth (May 20 to June 18), Prairial, the month of Pasture; the tenth (June 19 to July 18), Messidor, the month of Harvest; the eleventh (July 19 to Aug. 17), Thermidor, the month of Heat; and the twelfth (Aug. 18 to Sept. 16), Fructidor, or the month of Fruit.<sup>2</sup> The five complementary days were given the alternative names of Sans-Culottides, and were dedicated to Virtue, Genius, Industry, Opinion and Gratitude. The sixth, in leap-year, was to be celebrated as a special feast every

<sup>1</sup> This report is reprinted in an appendix to Welschinger's *Les Almanachs de la Révolution*, pp. 191-207.

<sup>2</sup> Carlyle translates the names of the months in the following characteristic fashion:

Vendémiaire—Vintagearous.	Nivôse—Snowous.	Germinal—Buddal.	Messidor—Reapidor.
Brumaire—Fogarious.	Pluviôse—Rainous.	Floréal—Floweral.	Thermidor—Heatidor.
Frimaire—Frostariou.	Ventôse—Windous.	Prairial—Meadowal.	Fructidor—Fruitidor.



fourth year in honor of the Revolution. After the report was adopted the *Moniteur* appeared with the following lengthy date on its title page: "Octidi, première décade de brumaire l' An II. de la République une et indivisible (27 Octobre 1793, vieux style)." This was far too elaborate for ordinary use. The days of the decades soon dropped out of memory and days of the month only were used. For some time it was the regular custom to insert the Gregorian date in brackets, after the Republican date, but this was forbidden during the Reign of Terror, and it is necessary to translate the dates of that period into the common ordinary dates of the Christian Calendar.

The adoption of the Republican Calendar was not only a concession to the desire of the Convention to start everything afresh and to be strictly logical; it was also a weapon for use against Christianity and the Catholic Church. It is not without significance that it was adopted at the very time when the Worship of Reason was on the point of breaking out. The abolition of Sunday and the substitution of the *décadi* as the day of rest was considered a clever way of attacking the Catholic Church. Several of the representatives on mission made it their special aim to insist upon people working upon Sunday and resting on the *décadis*. To observe the *décadi* became a patriotic duty, while the observation of Sunday was regarded as cause for suspicion, and as showing a preference for Christianity. It was on this ground that the new calendar was welcomed by the extreme republicans, and on this ground that it was opposed by many of the French people. The fact was that there was no demand for a new calendar, while there was a great demand for the new system of weights and measures. The latter creation of the Committee of Public Instruction of the Convention has spread beyond the limits of France, while the use of the former was officially suppressed in France itself by Napoleon from 21 Nivôse, Year XIV (Jan. 1, 1806).

It is especially important to observe the labors of the committees of the Convention. It is a common mistake to regard only the political history of the Convention and to forget its solid work. It is probable that as centuries pass

by, the political strife between Girondins and the Mountain, between Hébertists and Dantonists, between Robespierreists and Thermidorians may be forgotten, while the projects of Cambacérès and Merlin towards codification, the plans of Condorcet and Lakanal for a system of national education, and Arbogast's report on the new weights and measures, will be regarded as marking great and important steps in the progress of the human race.

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## BOOK NOTICES.

*An Advanced History of England. From the Earliest Times to the Present Day.* By Cyril Ransome, M.A. New York, Macmillan & Co., 1895—12mo, viii, 1069 pp.

Professor Ransome is well-known as the author of various text books on English history, among which his *Rise of Constitutional Government in England* and his *English Political History* (in collaboration with Mr. Ackland), have been especially helpful to teachers. In this new work he has tried to produce a book which will be adapted for advanced classes and for a reference book for teachers and general readers. It is somewhat more detailed than Gardiner's *Student's History* and devotes to the Middle Ages about the same space that Bright does. The narrative is brought down to the resignation of Lord Rosebery, and is admirably proportioned throughout. One discovers at various points evidences of the author's care in keeping abreast of recent discussion. For instance, in regard to the Battle of Hastings Mr. Ransome writes: "The English had time to strengthen its [the ridge of Senlac] front by a ditch, and possibly by a palisade." The results of what a recent writer has wittily styled "the second battle of Hastings" could hardly have been more safely stated. In his references to American history Mr. Ransome shows a liberal and enlightened spirit. In regard to American independence he writes: "The blame for losing America must rest upon the whole nation, who applauded energetic measures and scouted all conciliation. In short, prejudice, ignorance and spurious patriotism were at the bottom of the whole series of mistakes." Of André's case he says: "André's sad fate created a melancholy impression both in England and in America, but it is hard to see how Washington can be blamed." Like most writers, however, who have not made our history a matter of special study, he falls into errors of detail, most of which are more serious for his English readers than for American students. On p. 999, Lincoln is described as an abolitionist, and on p. 1000 the slaves are said to have been declared free by Congress. On p. 390 he says that John Cabot was sent out by the Merchant Adventurers of Bristol in 1497. Cabot's first voyage, however, was his own enterprise. The King's patent explicitly says "*suis et eorum* [i. e., his sons and followers] *propriis sumptibus et expensis.*"

The chief shortcoming of this excellent book, in my opinion, is the lack of any helps in regard to further reading and study. A text-book for college students ought to stimulate and, in a measure, to satisfy the curiosity to know where the history comes from and where further information can be derived or the narrative verified.

EDWARD G. BOURNE.

*Statistics and Sociology* (Science of Statistics, Part I.). By Richmond Mayo-Smith, Ph.D., Professor of Political Economy and Social Science in Columbia College. New York and London : Macmillan & Co., 1895.—8vo, xvi, 399 pp.

This book will be eagerly welcomed by all students of the social sciences. As a critical summary of the best work so far accomplished in the field of population statistics, it fills a long felt want. It forms Part I of a systematic Science of Statistics. "The author has in preparation Part II, Statistics and Economics, which will cover the statistics of commerce, trade, finance, and economic social life generally," and which will be awaited with great interest and some impatience by those who have read the present volume. Unlike most works on statistics, this one can be read with sustained interest from cover to cover. The tables themselves occupy but a small fraction of the space, and "no figures have been introduced unless they bear on the question in hand." The field to be covered is carefully mapped out, the leading divisions being, Book I, "Demographic," including a study of sex, age and conjugal condition, births, marriages and deaths, sickness and mortality; Book II, "Social," size of family, character of dwelling, education, religion, occupation, blindness, deaf-muteism and insanity, suicide and crime; Book III, "Ethnographic," race, nationality, emigration and immigration; Book IV, "Environment," distribution of population over land, wealth and social position. The index is divided into two parts, a subject index and an index by countries, covering in all seventeen pages. With these aids the work becomes a dictionary of statistics, not of the same kind as Mulhall's enormous collection, the raw material as it were, but the finished product itself. The chapters are subdivided under the heads: Sociological purpose, Statistical data, Scientific tests, and Reflective analysis. This arrangement will best be understood by an example. The chapter on suicide begins with three pages of "Sociological purpose," in which it is stated that "the purpose of this chapter is to give a *résumé* of this evidence in order to show the importance of sui-



cide as a social fact, and also to introduce the question whether it is a voluntary or an involuntary action." Then follow the "Statistical data," covering twelve pages, and including tables and discussions on the number of suicides, the influence of climate and seasons, ethnological influences, influence of economic condition, influence of age, conjugal condition, etc. Among the results the following are samples: "The general conclusion seems to be that the peoples of Germanic blood have a greater tendency to suicide \* \* " "It is a well-known fact that those countries where the people are the best educated show the largest number of suicides." "The favorable influence of marriage [in restraining suicide] is much less among women than among men." Under "Scientific tests" (3 pages) the reliability of the statistics is discussed. "In Prussia, since 1883, they have taken particular pains to control these statistics. For this purpose, they began to compare the special returns of suicide made in the general death returns, and those made by the police, the army, and the railroad and mining service. The result was that, by this comparison, the total number of suicides in 1883 was raised 23.8 per cent." Under "Reflective analysis" (3 pages) "the most striking fact is the constant increase of suicides with civilization." "The people most devoted to the moral sentiment, and who feel the domestic affections most keenly (the Germans and the Scandinavians) are not those who have the least suicidal tendency, but rather the contrary. The effort to make suicide dependent upon morality seems to be a failure."

It will be seen that the distinctions between the four heads is not rigorously observed, and in fact could not be, without violating in many cases the natural arrangement. The most valuable element in them all is the searching criticism of statistics and of conclusions based on them contained chiefly under "Scientific tests." For instance, the folly of inferring depravity among immigrants from their excessive criminality is apparent when we consider that immigrants are chiefly of "criminal age." This correction for age distribution enters almost all the problems of population statistics. In some cases it increases instead of diminishing the strength of the observed relation. Thus in England the "crude" death rates in city and country were 23.7 and 19.1 pro mille respectively, but the death rates corrected for age distribution are 23.7 and 16.3 (p. 152). A critique which points out these corrections is invaluable. The most cautious traveller

along these slippery paths is not safe without a guide. What De Morgan said of probabilities applies equally well to statistics, "Everybody makes errors at times, and big ones."

The work contains references to the sources from which its material has been derived, but it lacks anything amounting to a subject bibliography. Another omission is of diagrams or other geometrical illustrations. A simple diagram would resolve at a glance such statistical paradoxes as that widows in general have a much smaller chance of marrying than spinsters, although at each age widows have a better chance than spinsters (p. 110). The omission of such aids also makes it impossible to picture a *continuous* relation, such as the dependence of marriages on age, or to show the connection of an average with the deviations from it. This recalls Mr. Galton's complaint that statisticians "limit their inquiries to averages and do not revel in the more comprehensive views" of the distribution about an average or the "probability curve."

Scant mention is made of the conceptions familiar to students of life insurance, and "expectation of life" seems to be confused with "probable life" (pp. 50, 178). The fields of mathematical statistics explored by Wittstein, Heym, Zeuner, etc., are not even referred to, and when Quetelet, Westergaard and other mathematical writers are mentioned, it is not in this connection.

The appearance of this book, following close upon that of Von Mayr's, opens up a new era for statistical study and instruction. Teachers and colleges can no longer omit statistics from their courses for want of a good text-book.

IRVING FISHER.

*The History of English Law before the Time of Edward I.* By Sir Frederick Pollock, Bart. M.A., LL.D., Corpus Professor of Jurisprudence in the University of Oxford, and Frederick William Maitland, LL.D., Downing Professor of the Laws of England in the University of Cambridge. Cambridge University Press; Boston, Little, Brown & Co., 1895—Two Volumes, 8vo, xxxviii, 678, and xiii, 684 pp.

The authors of this book take especial pains to disclaim any intention of writing a constitutional history. It is the history of English law in the narrow sense which they propose to present. But it is impossible that any good history of early English law should be written that is not at the same time valuable as a constitutional history, still more so as an institutional history in the wider sense. The actors in those centuries made no sharp

distinction between the various functions of the state, and it is not possible for the student of the period to keep them strictly separated. This is especially true where so broad a view of the particular subject is taken as in the present case, and this history of English law must be considered an indispensable book to any one who is interested in Anglo-Norman institutions. It may, indeed, be considered, in spite of the authors' disclaimer, as much a book on institutions as on law.

In plan the work is not a continuous history of English law, like Brunner's *Deutsche Rechtsgeschichte*. There is a brief historical introduction, and chapters on the chief stages of the growth of the law up to Edward I, Anglo-Saxon, Norman, Anglo-Norman, Roman and Canon Law, and the age of Glanvill and that of Bracton. But these occupy only 200 pages. The fundamental inquiry of the book may be stated in this way: What was the English law as it existed at about the end of the reign of Henry III, and how had it come to be what it was? This general question is raised in turn in relation to all the leading doctrines of the law. It is easy to be seen that the chief interest of the writers is in the later age. The difference between the chapters on Anglo-Saxon and Norman law on the one side and those on Glanvill and Bracton on the other is very marked. The early chapters are clearly the work of well instructed writers, but it is just as clear that they are not the work of a master in his own special field, and this we enter upon when we reach Glanvill.

Of the execution of the work it is difficult to speak without the use of superlatives, or a seemingly extravagant over-statement of the case. It certainly does not suffer by comparison with the best work of its class in any language. Until now Brunner's work, referred to above, has stood at the head of the world's literature in institutional history. The development of the jury in the two states allows us to make a direct comparison between Brunner's account of its growth in the Frankish state, and Pollock and Maitland's account of its progress in the Anglo-Norman state from a scarcely more developed stage, and the comparison is certainly not to the discredit of the English book. One hardly feels like modifying in any way the impression of the first reading, that here we have the best piece of writing upon a topic of institutional history in existence. There is, it may be admitted, nothing in the book so brilliant in constructive work from scanty evidence as some of Brunner's studies on early stages in the



growth of the feudal system. But in the qualities for which his longer work is noted—clear presentation, consideration of all sides of a question, absence of prejudice—the English work is the equal or even superior of the German. In one respect only has Brunner the advantage, in his greater freedom from the besetting sin of every historian who approaches his task from the strictly legal side, not to admit the existence of anything for which there is not exact documentary evidence. It may be said, however, that while Brunner does not sin, Pollock and Maitland sin but little, and with some evident qualms of conscience. Or shall we put it rather in the terms of a virtue, and say that a tender scientific conscience and their determination to represent only the facts and to state no conclusion not clearly drawn from them, has prevented them sometimes from indicating to the reader the side towards which the probabilities incline. There are perhaps, also, no passages in the book so interesting or which challenge in so stimulating a way the stock interpretation of an institution or of its history as some passages in the work of Fustel de Coulanges, but for calm judgment, for absence of special pleading, and an impression of correct method and sound conclusion the Englishmen are far beyond the Frenchman. One is tempted to assert boldly that, all things being brought into the account, this book is without an equal as a work of continued institutional history.

After the introductory historical sketch, the remaining 475 pages of Vol. i. are given to three chapters treating of tenure, of the sorts and conditions of men, and of jurisdictions and the communities of the land. The chapter on tenure occupies nearly 200 pages, and considers in separate sections the classes of tenure, like knight's service, socage, etc.; and in others the incidents of tenure, like homage, reliefs, wardship, etc. Forms of unfree tenure and the ancient demesne have, also, each a section. Although these subjects are looked at always from the standpoint of law, the chapter is quite as valuable to the student of institutions as to the legal student. It forms, in truth, a very good brief description of the feudal system in its relation to land, and it illustrates very fully the extreme complexity and variability of the feudal rules and relations. On every hand the chapter shows, also, how the later definitions and descriptions of the lawyers, carefully framed and definite, which passed into the law books, and too long formed, as well, the rule for the historian, do not fit the practices of the thirteenth century. For example, Littleton's



characteristic marks of a serjeanty tenure are not found in that tenure under Henry III.

In the second chapter, particularly important as concerns institutions, are the sections on the unfree, the clergy, and the king and the crown, while the entire third chapter is as purely institutional history as if it had been written directly for that end. Its sections are on the county, the hundred, the vil and the township, the tithing, seignorial jurisdiction, the manor, the manor and the township, and the borough. On the question of the evidence which the thirteenth century may furnish for the earlier existence of a free village community system in England, the authors announce no dogmatic conclusion, and the facts, so far as they present them, evidently admit of none, but the account indicates their decided opinion that no evidence is to be gained from the thirteenth century of the existence of a primitive communism in the use of land, a practice which is, of course, not necessarily connected with a free village community organization.

In the second volume the student of institutions will find far less numerous topics directly in his field, but he will gain incidental instruction on every page, and certain topics, like primogeniture, treason, and the composition and action of the jury, belong immediately to him.

G. B. A.

*Principles and Practice of Finance*: A Practical Guide for Bankers, Merchants and Lawyers, together with a summary of the National and State Banking Laws, and the Legal Rates of Interest, Tables of Foreign Coins, and a Glossary of Commercial and Financial Terms. By Edward Carroll, Jr. New York and London, G. P. Putnam's Sons, 1895—vii, 311 pp.

There was real need for a book of this kind; and the work before us is good enough to be of service in meeting this need, though not in all respects quite what we could have wished. To most writers, the term "finance" means *public* finance. They have in mind the operations of government rather than the wider and equally important set of operations on the part of individuals and joint stock companies. It is the aim of the book before us to give an account of the practices which actually prevail in the conduct of this wider field, of private and corporate finance. A glance at its table of contents will show the number of topics which the author has covered,—exchange, currency, banking in its various forms, including the work of savings banks, trust companies, and coöperative associations, corporations, stocks,

bonds, notes, and all the more important forms of commercial paper. The information seems to have been collected with much industry; and, considering the wide range of topics dealt with, it is reasonably full and accurate. A glossary of commercial terms seems likely to be of special use.

The part dealing with the principles of finance is less satisfactory. The treatment of the important subject of sinking funds may serve as an example. Only a few lines are devoted to this topic, and these scarcely touch the underlying principles in any way whatsoever. Such a discussion of this subject as appeared in the last number of the *Investors' Supplement* to the *Financial Chronicle* would have added enormously to the value of the book. But these discussions are conspicuous by their absence. We have looked in vain for any scientific treatment of depreciation accounts, of balance sheets and inventories, and in fact, of any of the really perplexing problems where the principles of private finance need elucidation. The so-called chapters of the principles of finance are really adaptations from current books on political economy, with changes in definition which are not always well considered. What shall we think of the statement that capital, even in its restricted commercial use, is "either money or what may be readily converted into money without subtracting from the earning capacity of the industry in which it is invested" or of an attempted theoretical discussion of the ratio which such capital should bear to the business transacted?

It is to be hoped that the success of the book will be sufficient to warrant the author in bringing out a new edition, in which he will carry out the valuable idea that underlies the work in a form which will be more useful to those who want a good discussion of principles which they cannot find elsewhere, rather than an imperfect discussion of those which have been already developed in an equally accessible and far more complete shape.

A. T. H.

*A History of the Councils of the Church.* By the Right Rev. Charles Joseph Hefele, D. D., late Bishop of Rottenburg, etc., Vol. iv. Translated and edited by William R. Clark, Professor at Toronto. Edinburgh: T. & T. Clark & Co., 1895—8vo, x, 498.

This fourth volume of the translation by Prof. Clark carries us through the interval from A. D. 451 to A. D. 680. The period lacks the peculiar interest which belongs to the eras of Nicaea and Chalcedon. It is largely taken up with the details of the long

monophysite contests. Yet it is a period with regard to which discrimination and precision of statement, as well as careful researches, are as much demanded as in the stirring epochs when the two great creeds were framed. Hefele's work, as a whole, is not surpassed in merit by any historical production relating to the Church which Roman Catholic theology in recent times has produced. He was untiring in his researches, and he meant to be candid. The present volume will be welcome to students who prefer to read the work in English. The translator speaks with doubt on the question whether the remaining parts of Hefele will be translated by him. We trust that the demand for the volume will encourage him to continue his useful undertaking.

G. P. F.

*Hansisch-Venetianische Handelsbeziehungen im 15. Jahrhundert.* Von Wilh. Stieda, Festschrift der Landes-Universität Rostock zur zweiten Säcularfeier der Universität Halle a. S. Rostock, 1894—ix, 191 pp.

This book contains two quite distinct essays. The first is a study, based on original researches, of the efforts made by the Emperor Sigismund, in the first half of the fifteenth century, to put an embargo on the trade of Germany with the republic of Venice. This measure was undertaken from purely political motives. There was no pretense that the Emperor had discovered more profitable channels of trade for his subjects than those they had been accustomed to follow. He had merely become involved in a dispute with Venice, and thought that the easiest and surest way to bring the proud queen of the Adriatic to terms was to cut off all of her commerce with Germany. Accordingly in 1412 he issued a general order to all the Hansa towns to give up all intercourse with Venice. A truce with Venice prevented the strict execution of this command, but on the renewal of the war the order was repeated in 1418, and in 1431 a third embargo was laid. The third treaty of Ferrara soon brought peace, and the Emperor stopped interfering with trade.

The interesting fact brought out by Professor Stieda's researches is that, in spite of repeated threats on the part of the Emperor, and of his efforts to divert, by special treaties with Genoa and Milan, German trade from Venice to other Italian cities, the embargo produced a comparatively slight effect. When the German trading towns found that all their remonstrances were in vain, they simply kept on trading as had been their wont. Indeed,



many things indicate that during the existence of the embargo commerce actually expanded. Thus the Venetian council twice, in 1423 and 1424, decreed that the rooms in the Fondaco, the headquarters of the German merchants, should be increased. In other words, the profits of trade overcame the fear of the Emperor's displeasure; and we have another illustration of the difficulty of interfering by law with business enterprises. The importance of this trade, even in those days of bad roads and bold robbers, may be seen from a few facts gathered by Professor Stieda. A Venetian bought, e. g., 45,000 pieces of linen in the Fondaco in 1358. In 1420 about 2,000 pounds of paternosters or prayer beads lay unsold in the German house in Venice. A merchant of Nuremburg secretly left Venice in 1432 with a debt of 25,000 ducats. No wonder that the Germans were not willing to change all their business connections at the command of the Emperor.

The second part of this book enters quite fully into the details of the trade between the Hansa towns and Venice. It treats of trading companies, business letters, trade marks, often stamped on letters and in ledgers, monetary units, bills of exchange, merchandise, and weights and measures. Many instruments of credit were already well developed in the 15th century. Bills of exchange had probably been used by Lisbeck as early as the 14th century, and a good many dated in the 15th century are reproduced in the appendix of the book. These contain all the elements of the modern bill of exchange, though the bills themselves are couched in much more friendly and polite terms than modern drafts, and are more in the nature of letters. In many cases, both the first and second bills of exchange are reprinted. Not only were there brokers who made a specialty of dealing in these bills of exchange, but they had already become distinguished from the regular money lenders. The latter were usually either Lombards, or Frenchmen from Cahors, and they were not looked upon with great favor by the authorities of the Hansa, its policy evidently being to keep them from becoming too numerous and powerful, though it could not prohibit them altogether, since they evidently supplied an important need of trade.

Among the articles of merchandise which were dealt in in those days we notice a good many spices, such as ginger, camphor, cloves, cardamon seed, and saffron. Sugar was mentioned, as well as cotton and sandal wood, among the products of the



East, while furs and textile goods of various kinds are prominent among the products of the North which were sent to Venice. An article of men's clothing designated as *hosen* also plays a prominent part in trade. This garment seems, however, to have been more like a long leather legging, which only reached to the thigh, than like the modern trousers. Paternoster beads were also a very common kind of merchandise.

Venice served as a connecting link between the northern part of Europe and the Orient, and the products of the East and of the North met in her warehouses to be exchanged. There were two routes between Venice and the North, and the choice of one or the other seems to have depended on the merchandise to be sent. Articles which combined large value in small bulk were sent over the Alps, while more bulky ones were sent around by sea. The dangers of either route were considerable, but the losses to commerce which came from the elements and from robbers were no greater than those which arose from the difficulty of making sales for cash. It was a common thing to keep merchants waiting a long time for their money, and in many cases they actually had to resort to barter, and exchange one set of goods for another. In this way they often suffered great loss on the goods which they were obliged to take in exchange.

The book gives, altogether, an interesting picture of trade in the 15th century, and with the numerous documents, now printed for the first time, forms an important addition to the list of valuable contributions already made by Professor Stieda to our knowledge of trade in the middle ages.

H. W. F.

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EDITORIAL NOTE.

THE establishment of the *American Historical Review* under a representative board of editors, chosen from six Universities, renders it unnecessary for the YALE REVIEW to continue to occupy a field that can be filled so much more adequately by a periodical devoted exclusively to it. After the close of the present volume, therefore, general historical subjects will not be treated by the YALE REVIEW. At the same time, Professor G. B. Adams, who is one of the editors of the *Historical Review*, and Professor G. P. Fisher will retire from our editorial board, and their places will be filled by Professors W. F. Blackman, E. G. Bourne and Irving Fisher, all of Yale University.

This change in our scope makes it possible for us to specialize, and, by covering a narrower field, to cover it more fully. In the future, while welcoming to our pages timely articles on any subject in Economics, Public Law, or Politics, we expect to give especial attention to the scientific and historical treatment of questions relating to the distribution of wealth, the contest between employers and employed, the struggle for existence, the problems of poverty, and kindred subjects, which are so urgent at the present time, and which demand, above all things, a candid and impartial treatment.

It will be our aim to print, not only extended articles, but also shorter notes on subjects of present interest, and summaries of current legislation which will enable our readers to follow, from quarter to quarter, the more important social movements of the times, and we invite such communications,



whether long or short, from all who study these subjects seriously and thoroughly.

The motto which for so many years was printed on the title page of the *New Englander*, "*Nullius addictus jurare in verba magistri*," will continue to express our policy. The Board of Editors do not accept any responsibility for the opinions expressed in signed articles, and are glad to publish views that differ from their own. They do aim, however, to secure impartiality and accuracy in all statements of fact, believing that the great questions of the day can only be solved by scholarly treatment in the scientific spirit.

#### COMMENT.

*Impressionism in Economics; The Abuse of Patriotism;  
The Progress of Civil Service Reform; Two  
Notable Addresses.*

IT is a truism that all of the arts and sciences of a period are more or less connected, and react upon each other. Thus, the great doctrine of evolution is not confined to the natural sciences, but has put its stamp upon many of the current discussions in History, Ethics, and even Theology. So it is not strange to find a certain tendency in modern art reflected in some of the economic thought of the day. What is often called impressionism in art is a movement which has much to justify it. It is a reaction against the hardness and conventionality of the earlier period. It emphasizes value and feeling and atmosphere. It tries to show things just as the artist sees them. All this is of use. The trouble is that the artist is very apt to see what he is looking for and nothing else, and that his picture thus loses all proportion. Thus, he discovers that the shadows, under certain conditions, are violet, and he paints them such a bright violet that the picture seems to have been dropped into a vat of violet ink. Another finds that in looking at a field he really can not distinguish all of the details—every petal of every single daisy, and every bug crawling over every single leaf,

and as a result he paints a green mass which might be either a field or a dish of spinach, or a part of a green wall-paper—according as the imagination of the spectator happens to run in one or another of these lines. The picture is as intelligible up-side-down as right-side-up. In all of this there is a certain amount of feeling and of value and truth, even though the truth that the artist has in mind is a field covered with daisies, and that which the spectator sees is a dish of spinach.

But impressionism is contagious, and now economists have begun to show its symptoms. The so-called classical economy is thought to be cold, formal, and unsympathetic. It does not take sufficient account of the varieties in real life, and, above all, it leaves ethics out of consideration altogether. We thus have a school in which sentiment plays a prominent part. The hard-hearted political economy of the classics is displaced by a warm sympathy which extends itself, without much discrimination, to whatever subject the author may be dealing with. In the place of exact definitions, which sometimes tend toward formalism, we have vague phrases. Ethics, which was once considered a branch of study by itself, to be treated by its own methods, which are as distinct from those of Economics as those of Chemistry are from those of Physics, must now be brought into service to justify all kinds of vague notions regarding social justice, etc. The old-fashioned idea that it was honest to pay your debts in accordance with the terms of the agreement, gives place to the more modern idea that it is narrow to look simply at the terms; that when you promise to pay one dollar, what you really promise to pay is not a dollar, as defined by law, but that it is a certain amount of purchasing power, whatever that may mean, and if you can scale down your debts so as to represent the same purchasing power, nobody has the right to complain. The vague phrase "social classes" is brought in to obscure any careful study as to the exact relation of different people to each other, and we are told of a debtor class and a creditor class, etc., as if they consisted of distinct groups of individuals, and as if they were not all inextricably mingled in modern society.

Much of this method of looking at things is justified in the same way in which impressionism is justified in art. To maintain that the literal execution of existing contracts is the one important thing in the world, is, of course, narrow. There are contracts which even the law does not sanction. To insist upon mere definitions is to insist upon the hard and dry drawing, which leaves atmosphere out of account, and does not really represent to the eye many of the beauties of nature. But it is none the less true that accurate drawing is an essential part of art, just as exact definitions are a necessary part of economics, and our study of life in the concrete, which is of great importance in advancing economic knowledge, and our sympathies, which go far towards inaugurating any treatment of the economic problems of the day, should not be so exaggerated as to blind us to the need of the exact use of words or of careful and logical argument.

Nor should general considerations of social justice, or the wide and remote effects of currency changes upon the general distribution of wealth, blind us to the fact that, after all, credit is one of the great economic forces of the day, and that credit rests upon reliability in filling contracts as they are understood by business men. Impressionism has, doubtless, a negative value; it exposes the narrowness and infertility of a good deal of economic thought, but it can not successfully take the place of more exact methods. It is sure to be a transient phase in the development of economic science.

The excitement caused by the President's Venezuelan message has cooled down sufficiently to enable people to discuss, in a calm and sober manner, the international relations of the United States. One of the most curious and interesting episodes in this whole affair was the ease with which the war spirit of the people could be fired by the mere suggestion of the possibility of a war with Great Britain. Perhaps the suggestion of war with any other country would have met with as ready a response, but it is doubtful. For several reasons, many of our people seem to consider that kind of a



war particularly patriotic. Of the three foreign wars which our country has had, two were waged against Great Britain, and the feeling which those two wars occasioned, has been to a considerable extent kept alive in our country by the way in which history has been taught. Less noble motives than a desire to instruct our boys and girls have also played a part in sustaining this latent hostility. Protectionists have kept it alive in order to discredit the lowering of the tariff; silver men have stimulated it as an argument against the gold standard; and the mere desire on the part of politicians to conciliate the Irish vote, has led to many expressions of hostility, which have had their effect. The very extravagances of our anglomaniacs have probably produced a reaction. The follies of those who, not having knowledge enough to appreciate the merits of the English people, have aped the least valuable product of their genius, viz. the cut of their clothes, have disgusted many plain citizens.

There is, to be sure, a strong sentiment on the other side, but this, too, is often based on grounds as emotional and unreal as the hostility to England. The old argument that "blood is thicker than water," has a certain force for those who are of English blood. But it does not apply to the large fraction of our population who are not of English blood. Yet the relations which, from considerations of self-interest alone, if not of sentiment or history, our republic ought to bear to Great Britain, can not be doubtful to one who appreciates what is the actual position of the British empire in the modern world. About one-fourth of the population of the globe is contained within that vast domain. It is the most stupendous political achievement that the world has ever seen. It not only surpasses the Roman empire in extent and power; it still more surpasses it in its solution of difficult problems. The character of that empire is all the more remarkable, if we consider the great diversity in race, religion, and civilization of the people who comprise it. England is, herself, at the present day, practically a democracy, yet eight-tenths of the population of the empire are under an absolute government. But it is absolutism without tyranny. It is a wonderful example of a beneficent despotism. It is a



government for the people, but neither of the people nor by the people. Yet its powers are exercised by officials who, in character, honesty, ability, and devotion to the interests of those under their rule, compare favorably with the civil service of any country in the world.

Not only has England known how to give this kind of a government at comparatively low cost to her Asiatic subjects, but the flexibility of her system is seen in the fact that she has allowed practically self-government on the broadest democratic lines to her colonies of Australasia and Canada.

The English rule is not everywhere popular. Few governments are. But it is everywhere singularly just, moderate, and respected. There are few, if any parts of this broad domain which are not better and safer places for the investment of capital and the activity of labor, than they would be, if England had not taken possession of them. Violence may have been committed by her in acquiring new territory, but she has fully earned the right to govern her possessions when once they have become her own. Even her uncertain and precarious influence in Egypt has already improved the finances of its government and bettered the lot of the fellaheen.

To say that England's policy is a selfish one, that she has often taken possession of land by force, that she oppressed the American colonies in the last century, is no disproof of this proposition. The England of to-day is not the England of George III.; still less is it the England of Edward III. And England's present interest, like our own, lies in securing the freest field for the development of her commerce and manufactures, not in conquest, for the sake of territorial expansion or military power.

If we compare England's position with that of the other great powers, we are struck at once with the contrast. Russia has a traditional friendship with the United States, and yet it is the one state of Europe, calling itself Christian, which has not given its European subjects any real voice in the management of their own affairs. It still makes use of methods of judicial procedure and punishment that belong

to the Middle Ages. Even the traveling tourist finds himself hampered at every turn by police regulations and espionage. The expansion of Russian power means the extension of Russian methods of government. It means that our merchants, our missionaries, and our travelers will be subjected to unscrupulous officials. It means narrow tyranny in the place of freedom.

France has always been our friend, yet what could we gain by any extension of French possessions at the expense of the English? In the great art of preserving peace and good order in distant lands, France has failed as signally as Portugal or Spain, and her fiasco in Mexico should be a sufficient warning against any weakness for the extension of French colonies at the expense of English. Germany is too new an arrival in the field of colonization to be regarded as a serious factor in the problem, and her position in the heart of Europe makes it unlikely that she will have any energies for extended distant conquests.

In any contest with rival powers, England's interest is our own. The security of our foreign trade, and the expansion of our own manufactures, would be hindered rather than helped by any weakening of her power to govern and protect her dominions.

These are the facts which we should soberly consider, before we allow ourselves to be carried away by any false sentiment of hostility toward our former mother country. The patriotism of a people is too noble a sentiment to be trifled with or misdirected. Magnificent as has been the display of devotion to our country shown in emergencies, leaders of public thought should be very slow to conjure up that sentiment needlessly. They should be still more slow to evoke it, if they thereby run the risk of weakening the power which, more than any other, makes for the peace and good government of the world.

The recent meeting in Washington of the National Civil Service Reform League naturally suggests a short retrospect of a movement which has been almost unique in our history.

When Mr. George William Curtis addressed the first annual meeting of the League in Newport in 1882, the outlook for any improvement in the method of appointing public servants was dreary indeed. Mr. Curtis, to be sure, entitled his address "A Year of Reform," and took, on the whole, a sanguine view. But one who now re-reads his words, can not but feel that his optimism was justified more by his own prophetic courage than by the history of the previous twelve months. The principal achievements of what he called a "triumphant" year were the murder of President Garfield by a disappointed office-seeker; the failure of President Arthur to extend, in the slightest degree, the competitive system of appointments; the refusal by the select committee of the House on the civil service to report any bill extending the system or to bring before Congress anything but "the contemptuous sneers of some of its own members"; the conviction of Gen. Curtis for levying political assessments, and the grant by Congress of three-fifths of the sum for which President Arthur had asked to defray the expenses of the Civil Service Commission.

This certainly was not an encouraging exhibit. But the National League continued to agitate and hold its meetings. Branch associations were formed in many of the leading cities, and in some of the States. The defeat of the Republican party in the fall of 1882 led to the passage of the Pendleton Act, and slowly but surely civil service reform progressed. First one and then another department of the service was put under the provisions of the civil service law, until, as Mr. Schurz stated at the meeting of last December, practically the entire ministerial part of the national service is under the merit system. The number of positions now under the rules is about 56,000. What is more, in a single year two measures of great importance have been inaugurated by President Cleveland. A considerable number of the consular offices have been withdrawn from the spoils system, and admission to them is now to be based upon an examination, while the President's order, allowing the consolidation of fourth class postoffices with the larger ones and their organization as mere branches, will cut deeply into one



of the most important branches of the government still outside of the rules. If we remember that all of the larger custom houses and postoffices of the country have for several years been working satisfactorily under the civil service rules, it is clear that, while many things still remain to be done, especially the repeal of the law limiting the terms of postmasters and collectors to four years, the reform is now firmly established. The National League is stronger than ever and the widening interest in the movement is proved by the formation of Civil Service Reform Clubs at Harvard, Ann Arbor, Yale, and other universities.

The success of this movement is especially remarkable when we consider that it has never been a popular movement in the ordinary sense of the word. It has never appealed to a great many of the people. The leaders of it have been comparatively few in numbers. It has, to be sure, had the advantage that there were no great vested interests to oppose it. The politicians of low degree have always been its consistent enemies, but fortunately they do not represent a permanent class. The mere fact that the civil service under the spoils system was not manned by professionals, reduced the army of opponents to the position of mere guerillas, who might for a time resist any effort to oust them, but who had not the staying powers of a permanent organization. Yet their opposition was bitter, especially at the start, and the movement could not have made much progress if it had not been for its own inherent excellence. And if there were no vested interests to oppose it, neither were there any private interests that could be benefited by it. Those who supported it and agitated for it had no more immediate interest than all the rest of the people. But they believed in it, and the need of some reform was so obvious to those holding high political office, that they required but the moral support of a handful of determined people to steadily but slowly add to the extension of the civil service rules.

This history should be especially encouraging to those who are now undertaking the work of municipal reform in the same spirit in which the reform of the national civil service was undertaken some fifteen years ago. Such a movement



is difficult to inaugurate, but it is sure to gather force as it proceeds, and every part of the field that is occupied is a point of vantage from which the rest can be the more easily captured. This has certainly proved to be the case in the national civil service as well as in the service of many of the States, and there is no reason why it should not be the case in our cities.

The inaugural addresses delivered last October by the new rectors of the universities of Vienna and Berlin, contain many suggestions and thoughts which will excite interest far beyond the audiences to which they were spoken. In Vienna the new rector was a jurist, Professor Anton Menger, and his topic was the Social Duties of Jurisprudence. He showed that law has a threefold aim, and may, therefore, be treated in three different ways. 1, There is dogmatic law, which deals with the present, and whose duty it is to explain present legal institutions; 2, Historical law, which studies the history of jurisprudence in the past; and 3, Politico-legislative jurisprudence, or what the author calls social jurisprudence, whose duty it is to compare the traditional law with the circumstances of the present, and to decide what changes are necessary in the future.

In an excellent outline of the development of modern law, and especially of the historical school, he shows how that school has tended to exaggerate the principle of authority, and thus to lead the teachers of law back to mediæval methods, and weaken their critical sense. He illustrates this by the draft of the new civil code of the German Empire. There is, however, a constant need of transforming legal institutions, on account of the changes in the relations of the state to other states, the increase of knowledge of foreign legal institutions, the changes in religious views, but, above all, in the relative power of different social classes. He shows clearly the importance of recognizing the effect of changed economic conditions upon law, and the need, therefore, among students of law, of studies which will help them to solve the legal problems of the future. To emphasize this

part of the subject will, he thinks, counteract the excessive tendency towards specialization and the division of labor to which the study of law is now exposed.

Professor Adolf Wagner, the economist, took up in his inaugural address as the new rector of the University of Berlin, the very important question of the relations of academic political economy to socialism. In a masterly sketch he shows the influences under which modern German political economy has grown during the present century. He weighs critically the valuable work of the historical school, which he thinks has, in many cases, gone somewhat too far, indeed, so far as to neglect the philosophical character of the study, and the value of deduction. Out of the historical school, however, has grown the modern socio-political tendency of economic thought, of which Professor Wagner himself is such an eminent example. This tendency has led many people to reproach the professors with having become socialists. Professor Wagner acknowledges that they have learned from the criticisms of the socialists, and have profited by their teachings, but he disclaims in the most emphatic manner any adoption of socialist principles. He says of German political economy that it stands, in all its leading principles, in contradiction with "the methods, the results, the criticism, the basis of the criticism, the theorems, the psychology, the ethics, the philosophical foundations, the historical analysis, and the practical postulates of socialism." He considers Marx, though a profound and able thinker, to be full of sophisms, *petitiones principii*, and other logical fallacies: and, as for the practicability of socialism, he says that, in order that it should work, we should not only have to have more perfect men than we now have, but men of an essentially different nature.

This emphatic utterance will bring little comfort to those economists in England and the United States who think it a sign of progress to be more or less socialistic in their views. But Professor Wagner's address, as well as that of Professor Menger, contains many suggestions which we might well take to heart in the United States. Our country is notable for the rapid development of legislation which attempts to deal,

though often in a blundering way, with the practical conditions of our economic life. Would it not be well for our law schools to appreciate the importance of giving their pupils a broader grounding in economics and in comparative law, in order that, when they are called upon to take part in this development, they may approach these difficult problems with more breadth of view and depth of understanding. On the other hand, may not our economists also profit by what Professor Wagner says of the way in which modern German political economy has grown. The rich and varied economic life of our country ought certainly to furnish the basis for the development of an American economic science. But, in order to be valuable, this American economic science must not be a thinly disguised literary bureau organized in the interest of a protective tariff. Nor can it confine itself to a mere condensation of the writings of Ricardo and Mill, or on the other hand to the mere expansion of notes taken by our young professors in German lecture rooms. It must be a political economy which combines the methods of historical research with a critical analysis of the facts, and which, from a study of our own economic life and conditions, contributes towards the general principles of economic science.



## AN INTEROCEANIC CANAL FROM THE STAND- POINT OF SELF-INTEREST.

WHAT does the United States want of an interoceanic canal? How can it best get what it wants? These are questions of policy which may shortly require an answer.

It is often asserted in and out of Congress that the United States must "control" any such waterway, and it is commonly believed that by lending the national credit to the company, by seeing the work through, the right to such control will be acquired. The first of these statements is indefinite, the second is mistaken. The fixing of rates, the choice of officials, the physical and financial regulation of the canal, might indeed be gained by this government as by any other controlling stockholder, subject to the conditions of the concession; but the political control, the right to determine its international status, its use in wartime, its protection—this is an attribute of sovereignty qualified by treaty. As has been argued in the case of Great Britain and the Suez Canal, the rights of the stockholders and the rights of the sovereign have no real connection. They lie in different planes.

Though no control in a real sense is acquired by financial ownership, it may be gained by a surrender of sovereignty. The simplest form which this could take would be the transfer of sovereignty over the region in which the canal lies. This region might be ceded to another State or be raised to statehood itself with the condition of neutrality attached to it. For instance, the annexation of Nicaragua by the United States or the cession of canalized territory to it, would give us real control.

More complicated is the condition which results from a *partial* surrender of its jurisdiction by the sovereign in favor of one or more powers. This would be effected by formal treaty. An example of this is our protection of the Panama railway, under the treaty of 1846 with New Granada, which carries the right of landing troops and exercising jurisdiction for a specific purpose. But is there not another right of



action in Central American affairs based on the Monroe Doctrine, which belongs to the United States exclusively, and which by common report is as well grounded as any treaty stipulation? This is apt to be construed as warranting the United States in interfering to prevent any and all European claims upon our neighbors in the South which involve territory. Now, without going at length into the history of the Monroe Doctrine, it is enough to say that it is a very good thing when properly used and interpreted. For it is still the settled policy of the United States to prevent European powers from armed interference in the politics of South and Central American States against their will. The French intervention in Mexico during our Civil War is an instance where the Monroe Doctrine could have been properly applied. But being somewhat vague and never crystallized into a law, a great deal of extraneous matter has been read into it, until it has become a political fetich superstitiously worshipped by the whole tribe of Jingos. They will have it mean the right of interference by the United States, instead of what it really is—a protest against foreign interference. They would make of it a law overriding treaties, instead of an expression of policy quite subordinate to treaties. They hail it as the American policy, forgetting that Canning first suggested it. They build upon it a “manifest destiny” theory, overlooking the fate of the house in Holy Writ built upon sand.

The United States has a peculiar interest in the affairs of those countries lying to the south of it, as being itself the most powerful and influential state on this continent. It has a peculiar interest in any canal which will bring its western and eastern coasts many thousands of miles nearer by water. To it, therefore, belongs the right, nay the duty, of securing the use of such canal by its vessels of every class, in war and in peace, under the most favorable terms.

Emphasizing all this, it is asserted that the Monroe Doctrine is not the instrument fit to accomplish these results. As well use a saw to drive a nail with. You blunt your tool and do not gain the end desired.

The proper weapons are to be sought for in our treaties, made and to be made, and in those general principles of law which govern the intercourse of nations.

As to the principles of law, for lack of specific rules to cover this new question, we have the wider expressions of that order which binds the civilized world together. Such are the principle of non-intervention; the "most favored nation" treatment; freedom of navigation; freedom of intercourse; neutral interests paramount to belligerent interests; good faith; observance of treaties.

As to treaties, the precedents for the treatment of an interoceanic canal were given in an earlier article.<sup>1</sup> The issue was there defined between canal protection assumed by the United States alone, and canal neutralization carried out by a concert of nations, precedent being in favor of the latter. In the present paper some considerations are presented, to show that sole protection and control by this country is neither practicable nor desirable. This is an argument from the standpoint of self-interest.

What does the United States want of an interoceanic canal? Clearly it is its uninterrupted use under all circumstances by merchantmen and men-of-war alike, whether itself a belligerent or a neutral, on the footing of the most favored nation. Our most ardent patriots have never claimed lower tolls than other countries, nor exclusive commercial use. But is there nothing more? Is there not a darling wish entertained by some, for which no price seems too dear, and which would make the canal of peculiar value to our own land? There certainly is. Though not often formulated clearly, but wrapped rather in the cerement of stately words, this wish appears to be for an *exclusive* use of the canal by the navy of the United States when a belligerent. Suppose, for example, England and this country to be at war, then our ships could pass the canal, could mass or separate for attack and defense, while her ships would be debarred. The value of such a right is at once apparent. But is it attainable, and what would be the cost?

The difficulties in the way are these:

<sup>1</sup> See Yale Review, iv, p. 246, Nov., 1895.

First, no power of the first class would permit the negotiation of such an arrangement without a protest which would probably lead to war. To suppose that Germany, for instance, or Great Britain would consent to such a provision in our favor would tax the credulity of a child. The very first result of such a treaty, would be a combined demand of Nicaragua by all the maritime powers, that they each and all be put on the footing of the most favored nation, that their war ships be granted transit at all times as well as ours. This demand would be reasonable, for how could they afford to tie one hand behind their backs in advance of a contest? To meet it successfully would require a defensive alliance of the United States and Nicaragua, backed by a fleet as large as the combined fleets of the remonstrants.

But suppose, for argument's sake, that foreign powers display no such sensitiveness as to their interests and their rights, and fail to combine against us. Suppose that our sole guaranty of the canal, coupled with its exclusive military use, is permitted to pass unnoticed or with a diplomatic remonstrance merely. Suppose the canal garrisoned by our troops in violation of the Clayton-Bulwer treaty, which had been officially declared to be abrogated. What follows!

We are the sole protectors and guarantors, we must maintain, therefore, on the spot a force sufficient for this end or the canal may be broken, even ruined. Single-handed we must crush out riot and revolution. Strange responsibilities in Central American politics must be assumed, constant influence exerted, or else our protection would be nugatory. And, apart from local dangers, a war may arise to which we are a party. We should require an army of occupation as large as any which our enemy could land, a fleet equal to that which he could equip, and the canal would be made simply the first scene of the struggle. It is apparent that this would involve a complete change in the policy which has guided this republic from its earliest years, that it would result in a struggle far from our natural base, on disadvantageous rather than advantageous ground, against not in accord with the sentiment of the political world.



There is another objection to the exclusive war use of a canal by the United States, coupled with that guaranty of its neutrality, whether sole or general, which all our treaties have contemplated. The two are inconsistent. The *exclusive* use in war would conflict with the neutral status. Imagine the perpetual neutrality of Belgium qualified by an exclusive right of transit across its territory granted to German armies. All powers must approach a canal on an equal footing, or its neutrality will become an alliance between its sovereign and the favored nation.

Let us suppose, on the other hand, that our policy follows more moderate counsels. Guided by European precedent and the provisions of our own treaties, it renounces the attempt to shoulder singly the task of canal protection. Calling in the coöperation and aid of all powers likely to make commercial use of the canal, this country, taking the lead, proposes to place it on a footing of neutrality guaranteed by all. All have a common right of passage, in peace and in war, for war ships and for merchantmen. The coast sea off the terminal ports, for a distance of fifty or a hundred miles, is also exempted from the operations of war. Proper provision is made, as in the Suez Canal Convention, for the avoidance of the hostile meeting of belligerent ships. Military occupation for internal security, protection from outside pressure, are joint, not single. A violation of the integrity of the canal is an attack upon and will be resented by the whole commercial world. With absolute confidence it may be asserted that such a status, such a solution of the problem as this, would give the United States every advantage which it could hope to reap from the canal, save and except the exclusive right as against an enemy, of using it in case of war. Is this single privilege worth what it would cost, the abandonment of settled policy, the yearly expenditure of army and navy enormously increased, the greater danger of political complication? This price is real, not imaginary. A nation with a chip on its shoulder cannot rely on bluff and bluster alone. That this is more or less clear to the advocates of a "spirited foreign policy" is let drop occasionally. "I would be willing to go to war to prevent England from



obtaining control of the Nicaragua Canal, or from interfering in our control of that waterway," a member of the House is reported to have said recently amid a chorus of approval, as if the two were equivalent statements.

We may well agree with him as to his first proposition, but just as surely does it follow that *our* control would be regarded with similar jealousy by other States.

Why go to war, however, an expensive and uncertain business, when the same end could be reached by general concert of powers? Why go to war with Great Britain in particular, on the subject of canal control, when by a solemn treaty that country already has renounced canal control?

But here arises a serious question. That Clayton-Bulwer treaty of forty-five years ago, which has just been alluded to, is it now in force? Is it really a good thing to get rid of, if in force?

The charge has been made that it is no longer valid because long ago violated by Great Britain. This violation lay in retaining control over certain Central American territory in spite of the treaty, the excuse and defense being that the treaty was not intended to refer to the status existing at its negotiation. Since then—very slowly and very exasperatingly it is true—all such territorial claims have been yielded, the Mosquito protectorate this very year, until nothing clouds the validity of this treaty except what is past. Now so far as appears, no responsible official in this country has ever claimed that this treaty is actually void, but merely that it should be amended or at worst is voidable. A treaty, unlimited in its terms as to duration, must certainly be held binding, until notice of its abrogation has been given. No such notice exists in this case. Two Secretaries of State have argued that there was ground for terminating it, and a committee of Congress once reported in favor of its abrogation; there the matter dropped. To say that this treaty is no longer binding, therefore, is to be inaccurate. Even admitting that there is reason for its abrogation, it must be considered still in force. And what I desire to emphasize here, is the extreme impolicy of such abrogation, the very decided present value of this Clayton-Bulwer treaty to the United States.

What state is it, as we are so constantly told, which arbitrates with the strong and bullies the weak? Great Britain. What state is it, on the same authority, which for schemes that are subtle, for earth hunger, for trade expansion by fair means and foul, for the liking to have a finger in every other nation's pie, is most notorious? Again Great Britain. She then is the power most to be dreaded as a meddler in Central American affairs. If so, the Clayton-Bulwer treaty is an instrument made to our hand. It is a bulwark of defense, a contract to be enforced not surrendered. Listen once more to its terms:

"The governments of the United States and Great Britain hereby declare that neither the one nor the other will ever obtain or maintain for itself any exclusive control over the said ship canal; agreeing that neither will ever erect or maintain any fortifications commanding the same, or in the vicinity thereof, or occupy, or fortify, or colonize, or assume or exercise any dominion over Nicaragua, Costa Rica, the Mosquito coast or any part of Central America."

Does Great Britain covet Corn Island commanding one terminal of the Nicaragua Canal; does she "exercise dominion over" Corinto, to hold as indemnity for a debt; does she seek to control the future canal in any way; we appeal to Art. I, of this treaty; we do more, we enforce it. To an aggressive power it is a strait jacket.

In a frank and striking passage which is contained in one of Mr. Blaine's dispatches to Mr. Lowell,<sup>1</sup> this is well expressed. "I am more than ever struck by the elastic character of the Clayton-Bulwer treaty, and the admirable purpose it has served as an ultimate recourse on the part of either government to check apprehended designs in Central America on the part of the other; although all the while it was frankly admitted on both sides that the engagements of the treaty were misunderstandingly entered into, imperfectly comprehended, contradictorily interpreted, and mutually vexatious." Why then should we seek to do away with it? The only possible reason can be, because *we* seek to

<sup>1</sup> Nov. 29, 1881. Mss. Inst. Gr. Brit. For. Rel., 1881.

control, to occupy, to fortify, to do the things we there renounce, in short, to assume the aggressive ourselves. This then is the real object and ideal of the opponents of this treaty. They would throw away the shield to grasp the spear more firmly. They would prevent the building of a canal, unless permitted exclusive rights in it. They would choose a policy without regard to cost and consequence. Here then we have come to the parting of the ways.

In the one direction lie "peace with honor," a growing trade, a traditional policy, the military and naval establishments of to-day, the enforcement of the Clayton-Bulwer treaty, a well considered plan for *general* protection and guaranty of the canal which commerce cries out for.

In the other lie single control, the abrogation of every treaty which stands in the way, an army and navy to make our position good, the exclusive use of the canal, as against our enemies, by our navy in time of war. In short, it is to prefer belligerent to neutral interests, and to launch forth into the troubled sea of foreign politics.

To enforce or to abrogate the treaty of 1850. To use the canal on the same terms with other states, or to insist upon exclusive military privileges in it. These are the real points at issue. Between these policies let the American people choose, counting the cost of each, and striving to see which will bring it honor and true ascendancy and the highest good.

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## THE VICISSITUDES OF THE ENGLISH SOCIALISTS IN 1895.

**I**N the Parliamentary constituencies, as well as in the trades union world, the Socialists were more to the front in 1895 than at any time since the party came into existence in England. From their point of view, the Socialists achieved some measure of success at the election; in the trades union world they met with the most serious check which has yet befallen them in that field of activity.

A Socialist propaganda has been going on in England since 1881, or 1882, when the Social Democratic Federation was organized. In dealing with the Socialist movement in English politics, and among English trade unionists in 1895, it may be as well, however, to confine myself to the Independent Labor party; for among the Socialists, it was the Independent Labor party which alone affected the issue of the General Election, and it was that party alone which came into conflict with the old unionism at the Trades Union Congress at Cardiff. The older organization of Socialists nominated Parliamentary candidates at Salford, Walworth, Northampton and Burnley. The total number of electors in these four working-class constituencies is over 41,000. Of these only 3,730 voted for the candidates of the Social Democratic Federation. Had the Federation been the only Socialist organization, the Socialist movement would have given the Liberal party little concern. It was the new organization which formed the uncertain quantity in the General Election; and it may be said at once that the Independent Labor party then showed itself capable of working more mischief to the Liberals than up to the eve of the election had been thought possible.

At the General Election in 1895, the Independent Labor party had had an existence as a national organization of little more than two years. The movement in which it originated was first developed at the General Election in 1892, in the neighborhood of Glasgow in Scotland, and in Yorkshire, Lancashire, and London in England. It then resulted in the



election of one member to the House of Commons; and in the several constituencies in which the Labor party put forward candidates it polled in the aggregate less than ten thousand votes. The election in 1892 was in the summer. The new party followed up its success in electing Mr. Keir Hardie to Parliament by some skirmishing at the municipal elections in November. Early in 1893 there was an amalgamation of the several Labor party organizations in England and Scotland. It was brought about at a conference at Bradford, at which the name and policy of the new party were determined upon. During 1893 the party was again active in the municipal elections, particularly in Lancashire and Yorkshire. It was 1894, however, before it was recognized as a national party, and the Liberals began to give themselves any concern about it.

Recognition came as the result of two parliamentary bye-elections. The first was at Attercliffe in July, when Mr. Bernard Coleridge, a Liberal member, went up to the House of Lords. At that time the Radicals in Sheffield, of which Attercliffe forms a parliamentary division, were desirous that Mr. Coleridge should be succeeded by a Labor member, and they proposed a Labor politician of the old Radical school, who had been for some time a member of the Municipal Council of Sheffield. Attercliffe was a safe seat. The Liberal managers desired it for a wealthy local supporter, and the old-school Labor candidate was unceremoniously thrust aside. It had been expected that there would be no contest; but the Tories refused to allow the Liberal candidate a walk-over, and before the local Liberals knew where they were, a third candidate appeared in the person of a member of the Independent Labor party. The new party had no electioneering organization in Sheffield; its candidate had but a few days in which to make the canvass. In spite of these disadvantages, he polled twelve hundred votes, and greatly reduced the majority of the successful Liberal candidate, when compared with the large majorities by which the former Liberal member had held the seat.

The platform of the Labor candidate was that upon which the Labor party had decided at Bradford in 1893; and was

the platform upon which it went into the Leicester election in August, 1894, and the General Election in 1895. It sets out that the ultimate aim of the party is the collective ownership and control of the means of production, distribution and exchange, and in the meantime calls for (1) The restriction by law of the working day to eight hours; (2) Abolition of overtime, piece work, and the prohibition of the employment of children under the age of fourteen; (3) Provision for the sick, disabled, aged, widows, and orphans, the necessary funds to be obtained by a tax upon unearned incomes; (4) Free unsectarian primary, secondary, and university education; (5) Remunerative work for the unemployed; (6) Taxation to extinction of unearned incomes; and (7) The substitution of arbitration for war and the consequent disarmament of the nations.

Although few Liberals sympathized with the national programme of the Labor party, many of them realized that the party managers had made a mistake at Sheffield, when they thrust the old-school Labor candidate aside. The party managers were sharply criticized in the press and by Liberal speakers. The "Manchester Guardian" declared that Attercliffe was an object lesson to the Liberal party; that it marked the parting of the ways; and that the future of the party largely depended on the interpretation of events at Attercliffe, adopted by the Liberal managers. From this time may be dated the appeals made to the Labor party by the Liberal leaders. The first appeal, accompanied by a word of warning to the Liberal party, came from Lord Tweedmouth, who had ceased a few months before to act as the chief whip of the Liberal party in the House of Commons. Addressing the Eighty Club in London in July, Lord Tweedmouth urged that, as the Liberal party had been the friends of the working classes in the past, they must ask the working classes now to join with them in one solid and great alliance.

Attercliffe was an important election for the Labor party. Its members were jubilant at being able to poll 1,200 votes in a constituency where they had no organization, except that of street corners, and their leaders threateningly

announced that the three-cornered contest there was the herald of many to come. Their next assault on the Liberal party was at Leicester in August. Two Liberal members resigned their seats there. Two candidates from headquarters in London were sent to take their places. As at Attercliffe, the Liberal managers had reason to expect a walk-over. Leicester is the most Radical town in England. There, however, the Liberals were again disappointed. Both a Tory and a Labor party candidate were nominated; and although, as at Sheffield, the Socialist was a stranger, he polled 4,400 votes, and the second Liberal member carried his seat by a majority of less than 220. At this time it was known that a General Election was approaching. With Attercliffe and Leicester in mind, the Liberals began to get uneasy at the prospect of three-cornered contests. Repeated appeals were now made to the new party. It was pointed out that by its tactics it might help to put the Tories in power, and it was explained on numerous Liberal platforms and by many Liberal newspapers, that the Labor party had much less to gain from a Tory than from a Liberal Government, as with a Tory Government there would be an end to the legislative and administrative reforms the Liberal Government had been making since 1892 in behalf of the working classes. Lord Rosebery, Mr. Bryce, and Sir Edward Grey among the ministerial Liberals voiced these appeals.

At Manchester something more than an appeal was made to the new party. The Liberal Union, on the eve of the municipal election, adopted almost the full municipal programme of the Socialists. It issued a manifesto in which it expressed its willingness to aid in the election of workingmen to the city council. It also declared for an eight hours day for municipal work people; the abolition of contractors in work paid for out of the corporate funds; municipal control of street car lines, in order that the condition of the street car men might be improved; the building of dwellings for the working classes by the municipalities; and the abolition of the water tax for baths in houses occupied by the working classes. Prior to this time the Labor party had formulated no general municipal programme. Each branch of



the party had made its own demands, and these demands differed in different cities. The programme of the Liberal Union embraced most of them. Where the programme differed, it was mainly as to terms. The most important was that, while in the Socialist programme trades-union wages were demanded in the municipal service, the Liberal Union in its manifesto of October, 1894, contented itself with the standard rate of wages, and thus did not go beyond the terms agreed upon by the House of Commons in 1891, to be inserted in contracts for work for the Government. With this exception, there were no important differences between the municipal programme of the Labor party and that of the Liberal Union. In 1894, when the municipal elections were pending, and again in 1895 on the eve of the General Election, the Liberals of Manchester went further to conciliate the Socialists than those in any other part of the country.

Neither the appeals nor these concessions of 1894 were of any avail. In December, 1894, Mr. Hardie replied at Hyde to a speech Lord Rosebery had made in London, and reiterated a statement that had been made time and again by the leaders of the Labor party as to why it placed itself in such sharp antagonism to the Liberals. Mr. Hardie charged Lord Rosebery with insincerity in his attitude towards the House of Lords. He insisted that Lord Rosebery was seeking to hoodwink the democracy on that question, and declared that the Labor party was opposed to the Liberals, because the Liberal party stood between them and Toryism. As the Liberal party was unable to grant reform, the Labor party held that it was necessary that the Liberal party should disappear, so as to give the people a free hand in a fight with the Tory party. In other words, as Mr. Hardie later on expressed himself in the "Nineteenth Century," "the workers were coming to see that Liberalism not Toryism was the foe they had most to fear." "It keeps them divided," he added, "makes them wrangle over non-essentials, and prevents the real issues from being seen or grappled with. What the future of the party may be, it is of course impossible to say. For the present it is strongly anti-Liberal in feeling. This is not due to any sympathy with



Toryism, but to disgust at the way in which the Liberal party has broken faith with its supporters."

The Hyde speech and the "Nineteenth Century" article were all that came of the appeals made to the Labor party. Instead of making any overtures to the Liberals, the Socialists went on in 1895 placing their candidates in the constituencies; vigorously endeavoring to discipline their candidates and their local members after the manner of the Irish National League; urging their propaganda at the street corners and in the market places; and making endeavors to raise funds with which to go into the approaching General Election.

These efforts to raise money were remarkable, and recall the Chartist movement. Members were required to pay at least one penny a week; they were also expected to contribute to the collections taken up at the meetings. In the neighborhood of Bradford and at Manchester, coöperative trading stores were established, the profits of which were to swell the campaign fund. Only in the Yorkshire towns did any success attend this way of raising money. At Bradford, the turn-over for the half year of 1895 preceding the General Election amounted to about £700. Coals, soap, and matches were dealt in. As the secretary of the trading department was careful to explain, all the soap came from a trades union factory. Nineteen local organizations, including a Labor church, subscribed to the capital of the Bradford concern, and although the turn-over was not large, at the date of the last report business was being extended. No statement of profits was made public; but if a sum equivalent to the whole turn-over had gone into the exchequer of the Labor party, it would not have been more than sufficient to pay the cost of nominating two Parliamentary candidates in the Yorkshire constituencies.

In Manchester and also in London, where coöperative trading was tried by the Socialists, the undertakings ended in failure. The Manchester store quietly dropped out of existence. No particulars of its fate were made public. Concerning the London venture full details were published, and they form a story of disaster from beginning to end. The

enterprise was started before the national organization of the Independent Labor party came into existence, with a capital of £305, and with two branches, one in Shoreditch and the other in Canning Town. The experiment was conducted from April, 1892, until November, 1894. The Canning Town branch, however, did not survive so long. It failed in February; and in November a mortgage creditor was in possession of the Shoreditch store. The deficiency on the trading account for the two and a half years was over £1200. The reasons for insolvency, as set forth when the concern was wound up in the law courts, are significant. One was that the undertaking was begun with insufficient capital. A second was losses due to workpeople at Canning Town going into the service of an opposition bakery. Damages and law costs attending a van accident constituted a third; while a fourth, and perhaps the most significant of all, was "the limitation of trading owing to the high price of bread supplied by the society, arising from the quality of the materials used and the rate of wages paid to the employes." The fifth reason was the expense of delivering goods, owing to the vast distances over which the custom extended; and the last in the list was differences with the Baker's Union. The fate of the Manchester and London experiments suggests that the Socialist party can look to but a small augmentation of its funds as a result of trading ventures.

During the early part of 1895, when the Socialists were selecting their candidates, there was a feeling in England that at the last moment most of the candidates would drop out owing to lack of funds, and that the contests in the constituencies where the Socialists had established themselves would be between Tories and Liberals as of old. It seemed probable that the Socialists might abstain from voting, with a view to crippling the Liberals; but very unlikely that the party would be able to engage directly in half a dozen contests. When the third annual conference was held at Newcastle in 1895, only three months before the General Election, it was reported that in the preceding fourteen months it had spent £240 on a Parliamentary election in Mid-Lanark; £263 on that at Attercliffe; and £246 on that at Leicester. These

expenses had been met, and the party had still what was described as a small balance in hand. What this balance amounted to was not made public; but it was stated that the general income in the preceding year had been £670.

These financial details strengthened the idea that money would fail the new party at the General Election. After the Rosebery Government had resigned, however, it was announced at a meeting in Manchester that twenty-eight candidates were about to be nominated. Even then it was not generally believed that one-third of these candidates would go to the poll; for at a meeting in London a week earlier, it had been announced that thirty candidates would be nominated, and a public appeal had been made for funds. In this appeal it was stated that £9000 would be required to meet the charges of the returning officers and other absolutely necessary expenses connected with the nomination of these thirty candidates.

There has been much mystery about the financing of the new party. On the 4th of July, on the eve of the election, it was thus appealing for £9000. Its general income in the year preceding the Newcastle conference was less than £700; yet within a few days after the 4th of July, sufficient money was in hand to pay the election expenses of twenty-eight candidates. How this money was raised has not been fully and officially explained. When asked about it since the election, the Socialists talk of the self-denial of the members of the Labor party, and of the pecuniary sacrifices made by them in behalf of their political opinions. These vague statements rather help to the conclusion that the appeal of the 4th of July was not made with any sincere expectation that the £9000 would be forthcoming from the general public, and there is good reason for believing that the leaders of the party had the entire sum in hand, or promised to them, at the time when this appeal was made. Liberal candidates, who suffered from the antagonism of the Labor party, made various statements as to where this money had come from. Some of them insinuated that the brewing interest had provided it; others that the managers of the Tory party could give explanations. When the election excitement was over,



neither of these statements found acceptance, and much more credence has since been given to a rumor that the Labor party received a gift of £10,000 from a wealthy soap maker who is in sympathy with its aims.

In the twenty-eight constituencies in which the Socialist candidates went to the poll, there are 379,000 voters. In all 43,000 votes were recorded for the Socialists. But in these are included the votes in five or six two-member constituencies. In these places each elector can vote for two candidates. Newcastle, Leicester, Bolton and Halifax are constituencies of this class, and in them Liberals and Tories gave their second votes to the Socialist candidate. At Newcastle the Socialist candidate whose presence brought about the defeat of Mr. John Morley received 806 votes from electors who gave their other vote to a Tory candidate, as well as 710 votes on ballots marked also for a Liberal candidate. At Halifax, where only one Conservative candidate was nominated, the Socialist received 1351 Tory votes, and 736 Liberal votes; at Leicester, 2039 Liberal votes and 453 Tory votes; and at Bolton, where there was only one Liberal candidate, the Socialist received 2176 Liberal votes and 218 from electors who gave their second vote to the Tory candidate. At Newcastle, the Socialist received 786 plumpers; at Leicester there were 1518 of these votes. At Bolton there were 300: and at Halifax 1731. In these four large working class constituencies, therefore, with an aggregate electorate of 80,500, there were 4335 out-and-out Socialists.

Except in three of the constituencies, it was a safe Liberal seat or an averagely good fighting chance for a Liberal candidate which was endangered by the action of the Labor party, and the net direct result to the Liberals of this new opposition to their claims to the support of the working classes who are on the progressive side in politics, was a loss of seven seats. In ten constituencies the Liberals held their own, and carried seats in spite of the Labor candidate. In two of these constituencies, the contests were between Liberal and Labor candidates, and in each the Liberal was elected by a large majority.



Only in three constituencies did the Labor party realize its wish of fighting Tories with the Liberals out of the way, and in these constituencies many Liberals voted with them rather than stay away from the polls. Except at Leicester, it was at these places that the Socialists polled their largest vote. When the Liberal votes in these three constituencies and the split votes in the two-member constituencies are taken into account, the aggregate number of out-and-out Socialists who polled for Labor candidates is greatly reduced. On the other hand, some account has to be taken of the abstentions in places where the Socialists did not put forward candidates. It is not possible to estimate the number of these abstentions. Where they took place, the loss fell upon the Liberal candidates. Nor are these losses to be measured only by actual abstentions. In some of the working-class constituencies, where the contests were between Liberals and Tories, sympathizers with the Labor party went to the polls, and deliberately so marked their ballots that they were spoiled and could not be counted for either party. Some of these voters wrote across their ballot papers "I am a Socialist." Others gave expression to their feeling that both the old political parties were humbugs; while others again wrote on their ballots "Read the 'Clarion,'" a popular Sunday newspaper, much in favor with the Socialists in Lancashire and Yorkshire.

The successes of the Independent Labor party were of a negative character. The first aim at the election was to return to the House of Commons a group of members to act independently of existing political parties, and to fashion their parliamentary conduct on lines like those on which the Irish party acted from about 1872 until the alliance with the Liberals in 1886. The second aim of the Socialists was to defeat the Liberal candidates, and push the Socialist propaganda. As regards the first aim, the Socialists failed altogether. They are now without the one Member who represented the party in the 1892-95 Parliament. With regard to defeating the Liberal candidate, they were directly successful in at least seven constituencies. In other constituencies Socialist abstentions told against Liberal candidates, who had

gone into the election with good hopes of carrying the seats concerned.

Before the election was well over, it was asserted by the Liberals that it had made an end of the Labor party. Time has not shown that to be so. The Labor party has been much quicker than the Liberal party in pulling itself together after the election. It is already organized for fighting bye-elections, and for repeating the manoeuvres of 1894. In November last, the party went into the municipal elections with as much vigor as in 1894. It lost some ground, although it achieved a remarkable success at Staleybridge, which had recently been the scene of a fiercely conducted strike. The Labor party usually does well when it follows up a strike with political activity. The English wing of the party came into existence as a result of the strike at Manningtree, near Bradford, in 1892, and ever since, Bradford has been its great stronghold in the North of England.

As to the future of the party, that seems to depend less upon the zeal and enthusiasm of its leaders than upon two other conditions. One of these is the reorganization and the future policy of the Liberal party; the other is the financial question. If the Liberal party reorganizes in such a way as to estrange the extremists who helped to bring about its downfall, then the Labor party will receive additional strength. But unless the Labor party can count on raising large campaign funds as expeditiously as it did at the last General Election, its increased numerical strength will not avail it much. As long as it is necessary to raise £250 or £300 to pay the returning officer's charges at a Parliamentary election, and as long as members of the House of Commons are unpaid, a political party in England which depends entirely on the votes and financial support of the working classes can achieve but little. Outside help largely kept the Irish Nationalist party in funds. The English working classes have not been educated into systematically contributing to political campaign funds. It will be uphill work to educate them far in that direction; and the Labor party, unlike the Nationalist, has no sympathizers in the United States and in the Colonies to whom it is worth while to appeal. As long

as the Labor party can carry to the polls thirty candidates, there will be no lack of candidates ready to accept its conditions and its programme. When it is unable to carry its contests to the end, its operations will become contracted. Abstentions from the polls will be the only policy it will be able to recommend to its adherents. That policy, or the alternative of voting with the Tories will not hold the party together very long.

In tracing the part which the Socialists have played in the trades union world, more especially in the Trades Union Congress, and in explaining the reverses they met with at Cardiff in 1895, it is not necessary to go further back than the Congress at Liverpool in 1890. There was some friction at the Dundee meeting in 1889, when the Socialists introduced the eight hours' question, and made an attack on Mr. Broadhurst, who was then Secretary to the Parliamentary Committee. But it was not until 1890, when the New Unionism, which was the outcome of the Gas and Dock Strikes in London in 1888 and 1889, was beginning to assert itself, that the Socialists made a successful inroad upon the Congress. Between the time of the London strikes and the Liverpool Congress, scores of these new trade unions had come into existence, and almost every one of them had secured admission to the Congress. So large was this addition of newly organized unions that the number of delegates at Liverpool was more than twice as great as that at any previous meeting since the Congress came into being in 1867. At Dundee, when the first mutterings of the coming trouble between the Socialists and the Old Unionists were heard, there were 211 delegates representing 171 trade societies and 885,000 members. At Liverpool in 1890, there were 457 delegates, representing 311 societies, and nearly a million and a half of members.

At Liverpool the Old and the New Trades Unionists first came squarely into conflict, and from this time may be dated the desperate struggles which culminated at Cardiff last September, when the Old Unionism finally shook itself free of the Socialists and recovered complete control of the Congress. It was at the 1890 Congress that the now familiar resolution in favor of the nationalization of the means of pro-



duction, distribution and exchange made its first appearance. For nearly twenty years, the Congress had been giving its support to parliamentary candidates put forward in the interest of Labor, to men of the Radical school to which Messrs. Burt, Fenwick, Howell, and Broadhurst belong. At the Liverpool Congress, a Socialist delegate from London made an attack on the parliamentary Labor representatives of this class. He was present, of course, as a trades unionist; but he announced himself a Socialist, and moved that in future no parliamentary candidate should receive the support of the trades unionists unless he declared himself for the nationalization of land, shipping, railways, and all means of production. He was voted down by 55 to 263. Later on, however, at the same Congress, the Socialists achieved their first triumph. By a vote of 93 to 155, they carried a resolution for the establishment and maintenance by parliamentary enactment of a general eight hours' day. The first result of this resolution was the threatened withdrawal of the textile trades, and a proposition that these industries should form a trades congress of their own.

This threat on the part of the Lancashire trades unionists in 1890 was not carried out; but it was the first of a series of threatened and actual withdrawals by the older unions, between the Liverpool Congress and that at Cardiff last year. These were all due to the same reason, to the fact that the Socialists were in control and that the Congress which had rendered good services to trades unionism in the sixties, the seventies and the eighties, in the days when unionism was under a legal ban, and not one workman in fifty was in possession of the parliamentary franchise, could no longer be of any service to the organizations by which it had been established.

The old unions manifested no impatience in coming to this conclusion. The Socialists continued to be more aggressive as each Congress came round, and more determined to make the Congress a part of the Socialist propaganda. They made no secret of this intention; but they did not fully succeed in it, until the Norwich Congress in 1894. Then, after attempts at Newcastle in 1891; at Glasgow in 1892, and at Belfast in



1893, when they achieved a partial success, they committed the Congress to the resolution they had sought to have adopted in another form at Liverpool in 1890. There were 378 delegates representing 179 societies at Norwich, and by a majority of 158 the Congress passed the following resolution:—"That in the opinion of this Congress it is essential to the maintenance of British industry to nationalize the land, and the whole of the means of production, distribution and exchange, and that the Parliamentary Committee be instructed to promote and support legislation with the above object."

The end of the five years struggle was now at hand; either the Socialists were to be left in undisputed possession of the Congress, or they were to be ruled out. In the closing months of 1894, and in the early weeks of 1895, it looked as though the old unions, weary of the turmoil, were disposed to leave the Socialists in possession. Soon after the Norwich Congress, the Boiler Makers and Iron Shipbuilders' Union withdrew. This is one of the oldest, strongest, and most conservative unions in the English iron industry. As regards organization and the exemplary discipline of its members, it is at the head of the unions. It is the only union which guarantees the work of its members. It will tolerate neither bad workmanship nor bad personal conduct on the part of the skilled men in its ranks. It has no sympathy with Socialism, or with the proposals expressed in the Norwich resolution. "We differ fundamentally and utterly with all such proposals," wrote the Secretary of the Union, "as they would curse Labor with restricted freedom, with diminished resources, with arrested progress, with abject dependence, and the demoralization all these things bring."

The next revolt was on the part of the Miners' Federation. At the Norwich Congress it had been decided that in the event of a General Election taking place in 1895, a special conference should be held at Manchester to draw up an industrial programme, embodying the Socialist resolution, at which trades unionists should be called upon to vote only for those parliamentary candidates who would accept the Socialist programme. The Miners' Federation held a conference

at Birmingham in January, 1885, at which Mr. Pickard, M.P., the President, advised the Federation to have nothing to do with the Manchester Conference. Later on the Durham and Northumberland miners, who are organized in different unions, withdrew from the Congress; and as the agenda paper for the approaching Congress began to fill up, several resolutions appeared calling for the deletion of the Norwich resolution from the political programme of the Congress.

In the meantime other of the Old Unionists had determined on making a desperate fight to save the Congress. Among these were the majority of the Parliamentary Committee. Although the Socialists had been in a majority in the Congress since the Belfast meeting of 1893, they had not been able to capture the Parliamentary Committee, the executive of the Congress. From the meeting at Dundee in 1889, they had sought each year to elect the Secretary from their ranks, and each year they had tried to obtain a foothold on the Committee. The Old Unionists were, however, too strong for them in these contests over the Committee, and to this circumstance alone is due the fact that in 1896 the Old Unionists are again in possession of the Congress. At Norwich the Parliamentary Committee were instructed to promote legislation on the lines of the Socialistic resolution. The Committee deliberately ignored the instruction, and, taking advantage of another resolution which remitted to the Committee the consideration of some amendments to the standing orders, decided on a bold stroke to shake off the Socialists. For the Old Unionists the situation was desperate, and the majority of the Parliamentary Committee did not hesitate to take desperate means to extricate them. Under cover of considering the amendments referred to them, they completely remodelled the constitution of the Congress. They made far-reaching alterations in the rules governing the election of delegates and vital changes in the basis of representation and also in the method of taking votes in Congress.

By the first of these changes none but trades unionists who were at work at their trades, or in the paid service of their unions, could be admitted as delegates. This excluded the

leaders of the Socialist party, as well as other members of the Congress such as Mr. Broadhurst and Mr. John Burns, who have long ceased to work at their respective trades. The changes in the basis of representation affected all the unions; but were made with the new unions in mind, and were intended to cripple their power in the Congress. From the Liverpool Congress onward, the new unions had been greatly over-represented, and had been permitted to come in on terms unfair to the older unions. At the Norwich Congress, when the Socialists achieved their greatest triumph, the 123,000 men in the building trade were represented by 21 delegates; the 119,000 men in the engineering trades by 18 delegates; while the boiler makers and ship builders had one representative for every 5,877 of their membership. These figures give some idea of the representation of the old unions. On the other hand, 72,000 day-laborers of the new unions were represented by 38 delegates. In other words, as was pointed out in the "*Manchester Guardian*" when the Boiler Makers had seceded, and the President of the Miners' Federation advised that body to dissociate itself from the Manchester Conference, "three times as much voting power was enjoyed by the rawest and least experienced unionists as by the veterans of trade unionism."

Under the plan drawn up by the Parliamentary Committee these inequalities were remedied, and unions were permitted to send only one delegate for every 2,000 members, or fraction thereof. Another radical change in the make-up of the Congress concerned the Trades Councils. These bodies exist in most of the large industrial towns, and are composed of delegates from the local branches of the various trades unions. The old and the new unions are represented on them, and on many of the trades councils the New Unionists had a controlling influence. It was these bodies which in recent years sent to the Trades Congress local working-class political leaders who had ceased to work at the trades with which at one time they were connected. The trades councils also were generally active in municipal politics, and were mostly on the side of the Socialists in the divisions in the Trades



Congress. The trades councils were already represented by the delegates in the trades unions; but the councils had formed part of the Congress of the previous years, and at Norwich they were represented by 37 delegates. In remodeling the constitution, the Parliamentary Committee excluded these councils altogether.

These were the most important changes made in the basis of representation. The other important change was in the mode of taking votes in the Congress. Heretofore the votes of the delegates present had been counted. Under the new plan, cards were to be served out to the delegates, so arranged that delegates should cast one vote for every one thousand members they represented. This change alone would have overwhelmed the Socialists. Coupled with the changes in the mode of electing delegates, and with the complete exclusion of the trades councils, their defeat was made doubly certain, if only these vital changes in the standing orders could be carried. To this end the Parliamentary Committee made its boldest stroke. It ruthlessly pushed aside any scruples about the responsibility of a committee to the body which elects it. It sent the new rules to the trades unions, and instructed them to elect delegates to the Cardiff Congress in accordance with them. Most of the old unions were only too glad to give a hand in rescuing the Congress from the Socialists. They obeyed instructions. The seceding unions came back; the trades council delegates were excluded; and everything was prepared beforehand to secure the endorsement of these vital constitutional changes. When the friends of the new unionists and the upholders of regularity of procedure in the conduct of representative bodies and their committees sought an opportunity to vote on the new standing orders, delegates representing 604,000 trades unionists voted to uphold the majority of the Parliamentary Committee; while delegates representing only 247,000 unionists voted in repudiation of these high-handed proceedings.

The Old Unionists thus repossessed themselves of the Congress. They have now got it back to its former place of usefulness, as an accepted medium for the expression of trades union opinion. But every lover of fair play and honest deal-



ing among the Old Unionists will be anxious to forget the high-handed methods by which the majority of the Parliamentary Committee of thirteen carried their remodelling scheme. To the Old Unionists the prize was a great one; but the Congress cannot fail to lose for a while some of its value by the demoralization and loss of confidence which attend means like those adopted for bringing the prize within reach.

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## THE EARLY POLITICAL ORGANIZATION OF MEXICO.

### II.<sup>1</sup>

THE unsatisfactory state of the early public administration of Mexico under the audiencia persuaded the king of Spain to subject the country immediately to a kingly rule, and to place a viceroy in direct control of affairs. It seemed to be necessary to make the headship of the government of such dignity that it might not be attained by an adventurer. The viceroyalty having been established, it became customary to appoint the viceroy from among the distinguished nobles of the Spanish court. They were thus supposed to be placed above the avarice and low ambition which had marked the career of the officers of the first audiencia. But, before this plan was carried out, it became necessary to send a new audiencia organized like the first; and, whatever hopes were entertained of better results, were based on the care taken in the selection of the members. The four oidores, or judges, nominated by the president of the audiencia of Valladolid, were Juan de Salmeron, Alonso Maldonado, Francisco Ceynos, and Vasco de Quiroga. The presidency of the new audiencia was conferred upon the bishop, Fuenleal, who at the time of his appointment was president of the audiencia of San Domingo.

The instructions of the oidores were dated July 12, 1530, and provided that, in the absence of the president, the senior oidor should preside; the audiencia should protect the natives; it should despatch all unfinished business pending before the first audiencia; it should proclaim the *residencia* of the officers supplanted, sending the papers to Spain; it should restore to Cortes his estates, and maintain friendly relations with him. In case President Guzman were found not guilty by the residencia, he should return to Panuco. The members of the new audiencia took their seats on the 12th of January, 1531, but the president did not arrive from San Domingo till the following September. It was found

<sup>1</sup> See YALE REVIEW, iv, p. 256, Nov., 1895.

later that the work which devolved upon the *audiencia* was so great that, in order to facilitate its execution, the president appointed two additional *oidores* for a term of two years.

Soon after sending the second *audiencia* to New Spain, the emperor carried out the suggestion to make that country a viceroyalty. Antonio de Mendoza was appointed viceroy. His commission was dated at Barcelona, April 17, 1535. He was granted a salary of six thousand ducats, three thousand as viceroy, and three thousand as president of the *audiencia*. There was also granted the sum of two thousand ducats for the expenses of his body-guard. In 1614, the salary of the viceroy of Mexico was fixed at twenty thousand ducats. The viceroys, presidents, judges, and other royal officers in Spanish America were hedged about with numerous restrictions. They might not hold more than one office; they might not marry or contract for marriage within the districts of their authority; and their sons and daughters were under the same restriction. They were prohibited from engaging in any form of commercial enterprise. They might not leave their districts without a special license from the king or the Council of the Indies; and they might not hold more than four slaves apiece. In the affairs of the government, the viceroy was expected to seek the advice of the *audiencia*, but that body had no power to determine his decision, yet in judicial matters the *oidores* were supreme, and the viceroy had no vote. He might, however, exercise the functions of captain-general.

The viceroy, who, in the person of Mendoza, now appears for the first time in Spanish America, represented the person of the king of Spain. He stood at the head of the viceregal government, exercised his vast governmental powers with justice equally to all his subjects and vassals, and urged such measures as conduced to their peace and elevation. On assuming his duties, his first care, as indicated by the law, was to provide for the service of God and the preaching of the Christian faith for the benefit of the natives and the inhabitants of the provinces. He was charged to govern and defend his kingdom, to reward services rendered in the

exploration, pacification, and population of the Indies; to collect and remit funds due the Royal treasury, and to do everything which it would devolve upon the king to do were he governing in person, except in cases of special prohibition. All other officers and subjects, ecclesiastical and secular, were ordered to respect and obey him as the representative of the king. He was president of the royal audiencia, was captain-general of the provinces within his dominions, and, in the exercise of his powers, maintained the state and dignity of royalty. His court was "formed upon the model of that of Madrid, with horse and foot guards, a household regularly established, numerous attendants, and ensigns of power, displaying such pomp as hardly retained the appearance of delegated authority."<sup>1</sup>

Even before the newly appointed viceroy had reached the Indies, he was treated with distinction. On arriving at Seville, he was lodged in the Alcazar, and, accompanied by his family and guard, was transported to America without charge. On the voyage, the viceroy was general of the armada or fleet, from the time of his departure from the port of San Lucar till his arrival at Porto Bello or Vera Cruz. In order to avoid the temptations to depart from a wise and impartial administration, the viceroy was enjoined from taking with him his married sons or daughters, his sons-in-law and his daughters-in-law. He was ordered on the outward voyage, in passing the cities of Porto Bello and Cartagena, to inspect the public works, the artillery, the munitions, and the men-of-war, and to send a detailed account of their condition and needs. Whenever the viceroy of Mexico was promoted to the viceroyalty of Peru, he was at liberty to take with him his furniture and wardrobe and all his servants, slaves, and other persons in his employment, without paying duty, but he was obliged to pay the customary costs of transportation. While making the voyage from Mexico to Peru, he was regarded by the generals, admirals, captains, masters, and owners of vessels as their superior, and they were required to obey and salute him, when not impeded by the peculiar circumstances of the voyage.

<sup>1</sup> Robertson, xi, p. 125.



When the viceroy entered the capital of Mexico or Peru, for the first time, those engaged in the industries and trade might not be required to go out to receive him ; nor should the towns and villages through which he passed be required to pay the expenses of his journey.

At the beginning of his term of service the viceroy obtained information as to the condition of affairs in his dominions through conferences with his predecessor, from whom also he received the papers belonging to the office. His duties in punishing crime were not limited to acts committed during his term of office, but extended to crimes committed under his predecessors. He exercised also the power of pardoning within his dominions under essentially the same condition as the king in Spain. He kept a record of the distribution of the Indians, and acted as judge of first instance in cases in which they were involved ; and in these cases an appeal lay to the audiencia. He had, moreover, the power to place the Indians in positions of feudal dependence, as provided by the laws relating to encomiendas, in case they were not already in this position at the time he assumed the duties of his office. The viceroy of Peru might be attended by a captain and fifty soldiers, and each soldier should receive a salary of three hundred dollars, and the captain six hundred dollars. The viceroy of Mexico might be attended by a captain and twenty soldiers. The term of the viceroy's service was fixed at three years, counted from the day of his arrival in the City of Mexico or Lima ; but he might hold his position for a longer or shorter time according to the will of the king. In Peru he received a salary of thirty thousand ducats, in Mexico twenty thousand ; and these amounts were reckoned from the day on which he assumed his duties till the arrival of his successor, it being provided that there should not be paid at any given time two salaries for the same post. For the journeys from and to Spain six months each were allowed, and both voyages were made at the public expense.

Mendoza arrived in Mexico in 1535. He was made president of the audiencia and acting captain-general. His authority extended to all affairs of government ; but at the

same time his position furnished no exception to the rule under which nearly all the offices of Spanish America were ordered, namely, that every office in the administration should be checked in the exercise of its functions by some other office. The viceroy might be checked by the audiencia, and both might correspond directly with the Council of the Indies. "But any beneficial effect which this might have had in protecting the people, was counteracted by the inordinate power of the viceroys, and their consequent means of influencing the audiencia, and every other subordinate authority, civil, military, judicial, or ecclesiastical."<sup>1</sup> The viceroy's power was, however, in certain respects limited. He could not create offices and increase salaries without the special authority of the king. He could not extend the term of an office beyond the point fixed by law; and, if any person should hold office under such pretended extension, for his services during such time he should receive no pay.

On his arrival at the capital Mendoza was received with marked distinction by the public authorities; but, on this first occasion of the reception of a viceroy, the ceremony was much simpler than it became later. In the course of time the whole journey of the viceroy from Vera Cruz to Mexico assumed the character of a triumphal march. Arches were erected along the way, and the inhabitants of the towns through which he passed came out in holiday attire to do him honor. His entrance to the capital was made the occasion of displaying all the magnificence which the city could lavish on a high state ceremony. The expenses attending this display became at length so great that the king issued a decree limiting to eight thousand dollars the sum that might be expended for this purpose on any single occasion.<sup>2</sup>

The most important political event in Mendoza's reign of fifteen years was the publication of the "New Laws." These laws proceeded from the Council of the Indies, under

<sup>1</sup> Hall's *Journal*, II, p. 234.

<sup>2</sup> In *A Voyage to South America*, Vol. ii. pp. 46-52, by Don George Juan, and Don Antonio de Ulloa, the ceremonies attending the public entrance of the viceroy at Lima are described at length.

the sanction of the emperor, and were designed to bring about new relations between the Indians and the Spanish settlers. Under the system of repartimientos or encomiendas, the Indians had been the serfs or slaves of the Spaniards. At first, while Columbus was governor in the Indies, lands were apportioned to Spaniards, with authority to require them to be cultivated by a certain specified cacique and his people. Later, under Governor Ovando, of San Domingo, an encomienda of a certain number of Indians was granted, and the grant of Indians was not always accompanied by a grant of land. The encomienda has been defined as "a right, conceded by royal bounty to well-deserving persons in the Indies, to receive and enjoy for themselves the tributes of the Indians who should be assigned to them, with a charge of providing for the good of those Indians in spiritual and temporal matters, and of inhabiting and defending the provinces where these encomiendas should be granted to them." The clause in the terms of the grant requiring that the Indians should be taught "the things of our holy Catholic faith" was from the first treated as a mere formality, and had little or no influence in determining conduct. The change in the character of the grants, from those made under Columbus to those made under Ovando, was a change from serfdom to slavery. When pressed by suitors for royal favors, Ferdinand, having little else to give, gave Indians; and some of the recipients of these gifts intended to go to the Indies, while others intended, as absentee proprietors, to farm out their Indians.

On February 22, 1512, the king issued from Burgos an ordinance providing that no one, of whatever station, in the Indies, should hold more than three hundred Indians under the laws providing for their distribution among the settlers. If any one had more than this number, the excess should be taken away and distributed among the neighboring residents, and if, at the expiration of thirty days after the publication of this ordinance in the island of Española, any one were found to have more than the prescribed number, he should be deprived of all he had, and in the future would be incapable of holding others. In such a case the person mak-



ing the accusation would be entitled to one-third of the Indians, and of the other two-thirds the judge rendering the decision should receive the fifth part, while the other four-fifths should be distributed among the neighboring settlers.<sup>1</sup>

The laws promulgated in December, 1512, relating to the system of *encomiendas*, and known as the laws of Burgos, provided that the Indians should be first brought among the Spaniards; that all gentle means should be used towards the *caciques*, to persuade them to come willingly. "Then for every fifty Indians four large huts, fifteen by thirty feet, should be made by their masters." A certain amount of land for growing yuca, yams, and pepper, and a certain number of fowls, should be set aside for the support of each fifty Indians. A chapel should be constructed where prayers might be said both morning and evening. When the holders of *encomiendas* were engaged in mining, the Indians were required to work five months at a time in the mines, with forty days intervening between the two periods, during which they might till the land on their own account. Each year a small amount of money was given to the Indians, with which he might purchase clothes. In each settlement, there were two visitors or inspectors, but inasmuch as they might have *encomiendas*, they could not be expected to judge the system impartially. The *caciques* were permitted to have only six Indians in their service, and the *cacique* and his servants were to be allotted to the Spaniard holding the largest number of Indians of the same tribe.<sup>2</sup>

Whatever may have been the wishes of the crown as to the spread of this system, it became clear very early that the great advantage in it for the conquerors or colonists made inevitable its extension from the islands, where it originated, to the conquered lands of the continent. Nevertheless, the crown, by an order dated July 26, 1523, undertook to forbid the granting of *repartimientos* in Mexico, and to revoke those already granted; but the political and economic interests of Cortes and his followers constituted an obstruction which could not be readily removed. In view of the

<sup>1</sup> *Documentos inéditos del Archivo de Indias*, i, p. 239.

<sup>2</sup> Watson, i, pp. 73-74.



remonstrances, and on the advice of the Council of the Indies, the order of prohibition was withdrawn. The practice was, therefore, continued, and the natives, under the unaccustomed toil to which they were driven, continued to diminish in numbers. The laws provided by the crown and the Council of the Indies contained abundant provisions apparently designed to promote the material and spiritual well-being of the Indians, but, under the conditions of communication then existing between Spain and Mexico, the actual practice in Mexico was determined rather by the wishes of the local authorities than by the will of the king of Spain.

The system of repartimientos was also extended to South America. It was carried out here for the first time by Pizarro in connection with the founding of the town of San Miguel, in 1532; but at this time conditionally "that the new inhabitants might be maintained, and the Indians instructed in the faith, conformably to the orders of his majesty, until it would be decided what was the most suitable for the service of God and of the king, and most advantageous to the natives." The next year Charles V. authorized the granting of encomiendas in Peru, and by the Law of Succession, of 1536, they were granted for two lives. It was provided also that one who lived in another province might hold Indians in this relation by appointing an agent who should reside in the province with the Indians concerned.

While these measures were being adopted, the Spanish authorities appear not to have been definitely persuaded of the desirability of the system. Under this condition of affairs, Las Casas' power in the advocacy of the liberation of the Indians became especially manifest. Before the council at Valladolid he announced the proposition that the Indians were by nature free; that, under the crown, they were entitled to its protection; and that they "should be immediately declared free, without exception, and forever." The argument that their labor was necessary to the cultivation of the soil and the development of the mines was swept away as of little weight, since it had not been shown that the mines must be developed or the land cultivated, if these

things could be done only by the commission of a great wrong.<sup>1</sup>

Las Casas had been a conspicuous figure in Spain during the preceding two reigns, and Charles V. had grown from boyhood with a full appreciation of his strong and disinterested character. He had been in the Indies, and had, probably, a more thorough knowledge of the public affairs of America than any other man in Spain. His experience in laboring for the conversion of the natives, and in peaceably establishing his dominion over them, enabled him to speak as one having authority. He had held an estate with Indian serfs or slaves, and had liberated them in obedience to his conviction of the injustice of the relation. His preaching in favor of liberation was followed by his celebrated book on "The Destruction of the Indies," and by the "Twenty Reasons" why the Indians should not be given to the Spaniards *in encomienda*, or vassalage, or made subject to individuals in any other manner. In 1539, Las Casas was in Spain, and his great influence was directed to urging the adoption of a law that would release the Indians from bondage and ameliorate their condition. The advocates of this reform were not stimulated by hopes of any material advantage for themselves, but their opponents were moved to resistance by the prospects of the loss of wealth and power. Without being able to command the services of the Indians, they feared the loss of their revenues and a decline in the value of their lands. Although they might have set up claims for vested interests destroyed, yet there was no possibility of recovering an indemnity from any source. The material interests of Spain herself had already begun to decline, and extensive borrowing to meet emergencies had not become a feature of national policy. The holders of land in America had, therefore, grounds for supposing they would be called to face more or less complete ruin in case the proposed laws were passed and executed. In view of the difficulties of the situation, the emperor's advisers were not of one mind. The laws, however, as they were finally issued by the Council of

<sup>1</sup> Herrera, Dec. vii. Lib. 6, Chap. 5.

the Indies were entirely in harmony with the wishes of Las Casas and the other advocates of the liberation of the Indians. They provided, among other things, that after the death of the conquerors, the repartimientos of Indians, given to them *in encomienda*, were not to pass to their heirs, but were to be placed under the king; also that all officers of the crown were to renounce their repartimientos at once. They provided, moreover, that personal service of the natives was to be entirely abolished, and that the only right to be retained by the encomenderos was the right to a moderate tribute.

Don Tello de Sandoval, a member of the Council of the Indies, was appointed to carry the "New Laws" to Mexico. By his instructions he was empowered to take the *residencia* of all the royal officers, including the viceroy and the members of the audiencia; to exercise the functions of an oidor; to enjoy the rights and prerogatives of an inquisitor; to extend or restrict bishoprics; to convene the bishops of New Spain for the purpose of providing for the spiritual welfare of the people; to improve the colleges, hospitals and churches, and to further the establishment of new ones; and to have in hand all matters of importance to either the crown or the inhabitants. Knowledge of the formation and character of the "New Laws" reached Mexico before the commissioner, and the Spanish settlers saw themselves threatened with the immediate loss of the results of all their toil and adventure. As feudal lords over the Indians who had been allotted to them, and as vassals of the crown, they held positions which promised not only dignity but wealth; and these prospects were to be destroyed at a single blow. The despair which took possession of the inhabitants was shown by their resolution to clothe themselves in mourning robes, as at a funeral, and go out of the city to meet the messenger of their evil fortunes. But the viceroy dissuaded them from carrying out this plan. On the 8th of March, 1544, Sandoval arrived at the city of Mexico, and was almost immediately met with petitions and remonstrances concerning the publication of the laws he had come to execute. But, in spite of the strong and universal opposition



of the Spanish settlers, the laws were published in the city of Mexico, March 24, 1544. They were read publicly in the presence of the viceroy, the special commissioner, the oidores, and the other royal officials. This action of the authorities, showing a determination on their part to disregard the wishes of the encomenderos, raised a storm of indignation, which threatened to break into open revolt. At this point Bishop Zumárraga poured oil on the troubled waters by calling a meeting at the cathedral, and there leading the Spanish settlers to believe that, wherever the laws were opposed to the interests of the Spaniards, they would not be enforced. The settlers took hope not only from the address of the bishop, but also from the knowledge that the clergy were holders of important encomiendas, and that their interests in them were likely to weaken their natural loyalty to the crown. The ecclesiastics were, with very few exceptions, in favor of continuing the system of encomiendas, and opposed to the liberation of the Indians. With the church as an ally, the encomenderos had very good grounds for believing their cause was not hopeless.

In view of the great losses that the execution of the new laws would entail on large numbers of the Spanish settlers, and of the resistance to the authorities that might be aroused by an attempt to enforce them, both Mendoza and Sandoval saw the necessity of at least delaying action. Commissioners representing the municipality and the religious orders were sent to Spain to ask the king to revoke at least those parts of the new laws which threatened the interests of the settlers. By a royal decree of October 20, 1545, the desired revocation was granted. This action filled the Spanish settlers with joy and the enslaved Indians with despair.

That the attempt to introduce these laws did not lead to bloodshed or a popular uprising in Mexico was in large measure due to the wise discretion of the viceroy, Mendoza. In Peru, where the first viceroy, Vasco Núñez de Vela, undertook to execute them, the outcome was quite different. The resistance to the proposed laws assumed the form of a far-reaching rebellion, led by Gonzalo Pizarro, which resulted in the death of the viceroy and the temporary suppression of all authority proceeding from the Spanish crown.



The question concerning the relation of the Spaniards to the Indians was not easily solved, and was consequently passed on from decade to decade. The "New Laws" of 1542 had proposed a solution, but the end sought had not been reached. In 1549, Luis de Velasco was appointed to supersede Mendoza as viceroy. Mendoza proceeded to Cholula to receive his successor, and there delivered to the new viceroy information and instructions concerning the government. During the fifteen years of Mendoza's rule, order had been established throughout the viceroyalty; revolts and conspiracies had been suppressed; and even the agitation caused by the threatened execution of the New Laws had been allayed by their postponement. The vast regions of the north had been explored; mines had been discovered and developed; and towns, such as Guadalajara and Zacatecas, had been established. Mendoza was transferred to Peru, and Velasco became his successor with the understanding that he might be recalled at the end of three years, provided Mendoza wished to return to Mexico. Mendoza had found it advisable to defer the execution of the New Laws, but now, nine years after their formation, Velasco undertook to apply them. In this he was acting under specific commands from the king. In July, 1551, the king ordered that all Indian women made prisoners of war, and all males under fourteen years of age, should be immediately set free, whether they had been branded as slaves or not. Under this order were brought also the prisoners taken in the Jalisco war. If any person held a prisoner of war in slavery, it devolved upon him to show that he had been taken in a just war, and in accordance with the law, and, failing in this, the prisoner might go free. This measure encountered vigorous opposition, but it was nevertheless carried, and as a consequence of it a large number of slaves were liberated. By another royal decree, the viceroy and audiencias were forbidden to hold Indians in service, except for wages, and no one might hereafter demand personal service from the Indians in payment of tribute.

Among other measures of reform belonging to this period may be mentioned the effort of the viceroy to prevent the

practice of compelling the natives to carry heavy burdens. The clergy as well as the laymen were guilty of this abuse, but it was thought that the clergy could not be accused and corrected without weakening their moral influence with the Indians. While Velasco was viceroy, attempts were made to limit the authority of the caciques in their dealings with their followers, preventing them from inflicting capital punishment or corporal mutilations. A little later efforts were made to cause the natives to live in the towns, in order that they might be compelled to adopt habits of industry; and at the same time the succession to encomiendas was regulated.

Prior to 1560 the viceroy had been independent of any other constituted authority in Mexico; his power was limited only by the will of the king. The audiencia might correspond directly with the king, but it could not check or modify the viceroy's decisions. Moved by jealousy, or by real or fancied wrongs, the members of the audiencia undertook to undermine the king's confidence in Velasco, and thus curtail his authority. They did not attack him openly, but led the king to infer that ill health had affected the viceroy's mind to such an extent as to impair his discretion and the soundness of his decisions. They demanded that he should be required to consult some council before rendering a decision on public affairs; and they succeeded in persuading the king to decree that the viceroy should take no action without the previous advice and consent of the audiencia. By this means the members of the audiencia hoped to destroy the viceroy's power and prestige. But the viceroy was not without his partisans. The ayuntamiento of Mexico and the majority of the leading Spaniards of the kingdom objected to the project to pull down and humiliate the head of the government. Yet the party of the audiencia so far temporarily prevailed that on the death of Velasco, in 1564, petitions from certain authorities in the city of Mexico were sent to the king of Spain, asking for the abolition of the office of viceroy. The petition was naturally treated as an interference with the king's prerogatives.

Those who sought the abolition of this office wished the king to appoint Valderrama governor, and the Marquis del Valle captain-general. Valderrama, who was then in Mexico as visitador, urged that a viceroy should be appointed, but that he should not be made president of the audiencia. On the death of the viceroy, under the law then in force, his power fell into the hands of the audiencia; but, at the time of the death of Velasco, the audiencia was subject to an investigation. This threw the power practically into the hands of the visitador; but, on the completion of Valderrama's mission, and his return to Spain, all authority was centered in the audiencia. This body, however, was not able to command universal respect, as witness the unrest and conspiracies which disturbed the interregnum between Velasco and his successor. When, however, the new viceroy, Don Gaston de Peralta, arrived in 1566, the audiencia was clearly master of the situation. The viceroy made light of the conspiracy, which, it was pretended, had been put down with great sacrifice, and by this means aroused the opposition of the audiencia. In reply to the viceroy's report to the crown that there had been no conspiracy, the oidores, or members of the audiencia, advanced the charge that the viceroy was indifferent to the welfare of the country and even disloyal. The king determined to make an investigation, and for this purpose sent three commissioners, empowered to take possession of the government and return the viceroy to Spain. On the outward voyage, one of the commissioners died, but the other two, Alonso Muñoz and Luis Carrillo, arrived in Mexico and took up the reins of authority. The cruel and arbitrary character of their rule, as directed by Muñoz, roused the subjects in indignation against them, and led the king to depose them. Power then fell once more into the hands of the oidores; and, in the brief period of their administration, they succeeded in allaying the popular fears that had been excited by the merciless rule of Muñoz and Carrillo. They were relieved, in 1568, by the arrival of the new viceroy, Martin Enriquez de Almansa, who remained in power in Mexico twelve years, or till 1580, when he was transferred to the viceroyalty of Peru.

The efforts to break the power of the viceroy had no important result. The office was firmly established, a kingdom had been set up in America, and, after the reign of the viceroy Almansa, it continued yet two hundred and forty years. The throne of New Spain was occupied by sixty viceroys, and their average term of power was four years. At the close of the period of Spanish rule in America, the limits of the viceroy's dominion embraced not only the region to which the name of New Spain was at first applied, but also the ancient kingdoms of Michoacan and Galicia, the Californias, the peninsula of Yucatan, and various other provinces which in the course of time had been drawn together under the viceregal government.

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## GOVERNMENT ADMINISTRATION OF INDUSTRIAL ENTERPRISE.

**I**T is impossible within the limits of an article like this to examine in detail the successes or failures of government management of industry in the various lines where it has been tried. But it seems both possible and desirable to group together the general causes which have given force to the demand for such management in some directions and have limited its practical usefulness in others; laying special stress upon the political considerations which have entered into the question, because they have been at once more important in fact than the industrial considerations and less noticed in theoretical discussion.

In the beginning of history, the government is the power that controls the army. When tribes were in a state of warfare with one another, defense against foreign enemies was the matter of primary importance. No man could let his private convenience stand in the way of effective military operations. The discipline and subordination necessary to wage successful war were all-important; and all the powers necessary to maintain such discipline were entrusted to the leaders of the army.

Somewhat later the military authorities undertook the work of maintaining discipline in time of peace as well as of war, and of defining and enforcing the rights of members of the tribe against one another, no less than against foreign enemies. This function was not accorded to them without a struggle. The priests, under whose tutelage the religious sanction for tribal customs had grown up, tried to keep in their own hands the maintenance of these customs and the physical power connected with it. In some races they succeeded; but among European peoples the military authorities took the work of enforcing and defining laws out of the hands of the priests, and made it a function of the state as distinct from the church. As security from foreign enemies increased, this law-making power became more and mor-

important. The government was less exclusively identified with the army, and more occupied with the courts, the legislatures and the internal police. Its judicial and legislative functions assumed a prominence at least as great as its military function.

The growth of private property was almost coincident with the development of these domestic functions of government. In fact the two things reinforced one another. The production and accumulation of capital, to which private property gave so vigorous an impulse, placed the strong men of the community in a position where they had less to gain by war and more by peace. It put them on the side of internal tranquility. It thus made the government more powerful; and this in turn still further increased the accumulations of capital. But along with this mutual help, which strong domestic government and strong property right rendered one another, there was an element of mutual antagonism. The very fulfillment of those functions which made the accumulation of capital possible, rendered it impossible for the government to do its work except at the expense of the capitalists. It was no longer possible to support armies by booty, or courts by fines and forfeitures. The expense of maintaining order had to be paid by its friends instead of its enemies. The growth of private property was followed by the development of a system of taxation, which, in theory at any rate, involved the power to destroy such property.

The existence of such a system of taxation, with the machinery for collecting money in this way, makes it possible for the government to exercise a much freer hand than any private individual in dealing with those industries which it chooses to manage. It can make up a deficit by compulsory payments; and this gives it a wider range of power in deciding what services it will undertake and what prices it will charge—a power which affords almost unlimited opportunity for good or bad use, according to the degree of skill and integrity with which it is exercised.<sup>1</sup>

<sup>1</sup> It is sometimes said that public business management is neither more nor less than compulsory co-operation. If a government owns a railroad, the management is thereby placed in the hands of the representatives of those who use

Every extension of government activity into new fields restricts private enterprise in two ways; first by limiting the field for investment of private capital, and second, by possibly, if not probably, appropriating through taxation a part of the returns from private enterprise in all other fields. The question whether a government should manage an industry reduces itself to this: Are the deficiencies or evils connected with private management such that it is wise to give government officials the taxing power which constitutes the distinctive feature of public industrial management?

In one class of cases there is no doubt whatever. The expenses for the army, the courts, and the legislature, with the administrative work which they involve, must be defrayed in this way. There may be a question how large an army and navy we should have, or how much legislation; whether we should extend legislative activity to cover a great many points of health and morals, or confine it as far as possible to a few essential matters of public security. But once having established an army or made a law, we have to pay for it by taxation. We have to meet the cost not only of soldiers and sailors, but of forts and ships; not only of congressmen and judges, but of policemen, prisons, and other physical means necessary to make their decisions operative. Every extension of legislative power extends the scope of these expenditures. Regulation of money almost necessarily involves public mints; health ordinances involve public sanitation; compulsory education involves public schools. All of these agencies may be partly supported by fees for the services rendered; but their compulsory character involves the necessity of applying them in cases where the collection of an adequate fee is impossible.

This last point leads us to the fundamental characteristic of a second class of circumstances which justify government

the road. We have a case of control by consumers—in other words, a form of co-operative enterprise. But where does the compulsion come in? Not in compelling the users of railroads to depend on the services of the government, but in compelling those who are subjected to taxation to make up any deficit which may arise. Of course the government may choose to prohibit private companies from building competing roads; but this is an accidental rather than an essential feature of state railroad management.



enterprise. It will often happen that an expenditure of money promises a public good out of all proportion to the amount which its promoters can collect from the beneficiaries in case it proves successful. Under such circumstances the government may take hold of an industry, just because it cannot be made to pay by ordinary commercial means. Roads, bridges, canals, wharves and lighthouses, furnish conspicuous instances of this sort. It is an absolute necessity for the public to have lighthouses; but it is, in ordinary cases, impossible for the owner of a lighthouse to collect toll sufficient for its maintenance, either from the ships which are not wrecked or from those which are. It is of the utmost importance for the community to have good roads; but the vexation connected with the imposition of tolls for the use of the highway, and the impossibility of maintaining a highway system by such tolls forces the government to take this matter into its own hands.

Irrigation works in desert lands are likely to furnish another important example of this kind; especially if it be true that the storage and distribution of water produces a rainfall in districts previously arid, so that those who pay nothing for the works can nevertheless get a share in these benefits. An instance of a little different character, but which comes under the same general head, is furnished by forestry. The public need of forests for the sake of securing a regular rainfall is one in which the whole community has an interest, but which is not a matter of personal profit to any one. Each man will therefore often destroy his own forests for the sake of the lumber, and trust to others to leave theirs for the sake of the rainfall. In a case like this, government interference has been abundantly justified.

In supplying these needs, the government serves a public necessity. But there are two opposite causes which often prevent it from doing its work judiciously. Either the taxpayers know that they are paying for these improvements, or they do not. If they know it, as in the case of country roads, they will grudge every penny of necessary expense, and will waste in horseflesh and wagon-wheels many times the amount of capital which would have sufficed to put the



road system in proper shape. Seeing no pecuniary return for the money which they spend, they will cause themselves great pecuniary loss by their shortsighted economy. If, on the other hand, the taxpayers do not see whose money is being spent, as in the case of ship canals and other works of national importance, they will look only at the question of convenience, and will fail to see that somebody must pay for this convenience by taxation. They will commit the fallacy of confounding government property with public wealth, and will ignore the fact that unwise expenditures on government property lessen the publicwealth instead of increasing it.

— The danger of this mistake is intensified by the fact that so many people believe the expenditure of money to be in itself a positive benefit, without considering the source whence it is drawn; and are ready to make appropriations for objects of slight value, because they can see the money which is spent and cannot see the losses involved in collecting it. The history of river and harbor improvements has often been a public scandal. Some are recklessly made, without the remotest prospect of large permanent benefit to any one. Others, which promise a benefit, are begun without anything like a careful estimate of the probable cost. Many an advocate of canal projects claims that a canal is a cheaper means of transportation than a railroad. If we compare the expense of railroad transportation, including interest and maintenance, with the expense of canal transportation, not including interest and maintenance, this is sometimes so. The reason that the comparison is made in this fashion is because the government habitually pays interest and maintenance on the canal, so that this is supposed to be no part of the expense to the shipper. But it represents a cost to the public just as much as if it were paid by private individuals, and any legislation which ignores this element of cost is blindly increasing public burdens.

A third class of cases brings us into much more doubtful ground. There are many enterprises whose control by private individuals or corporations seems to give those individuals or corporations an arbitrary power over the industrial interests of the country which forms a menace to public wealth,

and destroys whatever presumption may exist in favor of private control of industry.

Let us see what constitutes the real basis of this presumption.

Each consumer probably knows better than any one else whether he wants an article enough to pay a specified price for it. Each producer presumably knows better than any one else whether he can do a thing cheaply enough to meet the consumer's wants. Competition allows every consumer who is willing to pay as much as the market price for an article to get it, and stimulates every producer who can make the article for less than the market price, to increase his production. In so doing, it at once puts goods where they are wanted, makes every producer do his best work, and stimulates progress by giving every incentive for new methods. Even if many mistakes are made in trying these new methods, the gain to the community from the permanent application of those that succeed outweighs the loss from the immediate cost of those that fail. Finally, the rivalry of different producers causes them to sell their products at low rates, and gives the benefit of new methods to the consumers as a body instead of allowing it to be appropriated by a few capitalists.

But it is obvious that these advantages are largely, if not wholly, dependent upon the existence of free competition. In the case of a monopolized industry, the chance for experiments is less wide, the stimulus to producers' energies less effective. Instead of putting prices so low as to bring the product within reach of every consumer who can pay the cost, a monopoly may use its power to fix unfairly high rates, thus increasing its own profits but lessening the sphere of its public service. This danger is present to a noticeable degree in the case of water works, of lighting, whether by gas or electricity, and in many of the industries occupied with the conveyance either of intelligence, of passengers, or of general traffic. It is hard to avoid these dangers by legislative control of rates, owing to the inherent difficulty of allowing anybody to fix the charges for a service except those who risk their own capital in so doing. If the government

allows corporations to make unduly high charges it subjects the public to the danger of extortion. If it insists on their making charges which turn out to be unfairly low, it deprives the investors of the control and enjoyment of their property. Why should it not meet the difficulty directly, by owning and managing these enterprises, and making changes in rates with a free hand, at its own risk?

The answer to this question will depend partly on the industry in question, and partly on the financial ability of the government which seeks to take control.

The criteria laid down by Jevons<sup>1</sup> to determine when an industry can advantageously be managed by the government, are as follows:

1. Where numberless wide-spread operations can only be evenly connected, united and coördinated in a single all-extensive government system.
2. Where the operations possess an invariable routine-like character.
3. Where they are performed under the public eye, or for the service of individuals who will immediately detect and expose any failure or laxity.
4. Where there is but little capital expenditure, so that each year's revenue and expense account shall represent, with sufficient accuracy, the real commercial conditions of the development.

All this is good as far as it goes; but it leaves the heart of the difficulty untouched. Passing over the first of these points, which really begs the whole question, we have before us, not an indication of the conditions under which a government can manage an industry with the best advantage, but of those under which its management is attended with the least danger. Jevons' principles are restrictive and not positive. They show how far you can trust the government without serious danger of financial mismanagement. Assuming the existence of a political or fiscal motive for extending the sphere of official action, these criteria show in which direction such an extension can be made with the least probability

<sup>1</sup> *Methods of Social Reform*, p. 279.



of loss and corruption.<sup>1</sup> Judged on this basis, water works form an excellent field for municipal activity, gas works a more doubtful one, and electricity in its various applications quite an unsuitable one. For the national government, these conditions indicate that the post office is a suitable field of employment, the telegraph a little more doubtful, and the railroad much more conspicuously so. Unfortunately, these criteria as a rule apply best where the initial necessity for government ownership is least. They indicate that the government may properly own industries where it could easily enough regulate a private company, and may not so properly control industries where it is difficult to regulate a private company. With regard to the *relative* merits of the two systems, administrative ownership or legislative control, in a really perplexing case like railroads, Jevons' principles furnish us no help. Just where the difficulties attendant upon private ownership are greatest, these tests shut the door most hopelessly against state purchase, and leave us no alternative whatsoever.

It is probable that in an industry like the railroad, both private ownership and state ownership, even under the best of circumstances, are likely to be attended with a great deal of dissatisfaction. Neither system is free from serious abuses. The choice between the two is in some measure a choice of evils. Under private ownership we have rapid development of effective methods and processes, and a high degree of industrial efficiency; but side by side with this we have great discriminations and fluctuations in rates, which no system of legislation seems able to keep within bounds. If the government owns all the railroads of a country it will meet many of these difficulties about rates. It will make them steady, and as a rule low. To offset these advantages, it will give a service, which, to a country accustomed to the freer system of private management, will seem miserably inadequate. Germany furnishes a most conspicuous example

<sup>1</sup> Even on this restricted basis, a fifth criterion should be added to those of Jevons—Where the government is itself a large consumer, as in the case of municipal water supply, so that questions of public price will be looked at by the financial authorities from two points of view.



of a well managed state railroad system. The rates of the German railroads are on the whole quite satisfactory. But the amount of train service in proportion to the population, and the quickness of the trains themselves, whether for passengers or freight, are, according to English and American standards, miserably inadequate.

On the whole, private ownership of monopolies tends to rapid development and utilization of improvements. With all the talent that has been put into the public administration of industry it is a salient fact that the important inventions have been made in countries enjoying private enterprise. The telegraph, the telephone, the electric light, the railroad track, the locomotive, the air brake, the block signal system, were all introduced by private companies. In most cases it took government experts from ten to twenty-five years to discover them after they had been in successful use on private lines. We also find that the efficiency and quantity of service is generally higher than we see it under government management. In spite of the ability of the Prussian civil service the fact remains conspicuous. England and America have more trains in proportion to the population than Prussia, and run them faster.<sup>1</sup>

With regard to the relative effect of state and private ownership in making prices high or low, no general propositions can be maintained. The United States and England are the two most conspicuous examples of countries that have private railroads. The United States has the lowest freight rates of any important commercial country in the world. England has the highest. In either case, if we go below the surface, we find reasons for the conditions that prevail. The long hauls of cheap freight give the American railroads an opportunity to lower rates, of which they have been quick to avail themselves. In England just the opposite conditions prevail, and the opposite results naturally

<sup>1</sup> If the government protects private companies from competition these advantages of private enterprise do not make themselves felt. The French railroads, which enjoy a guaranteed monopoly stand in about the same condition as the state-owned roads of Germany, with regard both to train service and train speeds, besides charging rather higher rates.

follow. On the other hand, the high American passenger rates are fully explained by the small density of population and the high average earning power, which makes it worth while for passengers to pay high rates in order to have trains run when they want them. The same kind of explanation may be readily applied to account for most of the glaring differences in charge for telegraph service, lighting, and other objects of industrial monopoly, which are adduced by extreme partisans either of state or of private ownership.

Both the advantages and the dangers of government management of industry depend largely upon the form of the government itself; while the possibility of securing the one and avoiding the other is largely dependent upon the character of public men and methods.

In a country like Prussia, where the military element of the government remains the dominant one, we may expect to find public enterprises managed with strict discipline, good economy—at any rate in the narrower sense of the word,—and freedom from glaring abuses. The chief errors of such a government come from not responding quickly to the needs of industrial progress. It is apt to be slow in utilizing improvements or making changes of method; while there is always a danger, which only the best governments are able to avoid, that the monopoly will be used to tax the public instead of to help it.

In governments where the legislative element is more prominent, and especially in democratic ones, the case is reversed. Such a government prides itself on responding to popular needs. Its legislators are chosen to give expression to the public will, and too often pride themselves on their subserviency to the people. Under such conditions we are likely to have reductions in rates to the lowest limit which a regard for the budget will allow, and activity in making obvious improvements and popular changes of method. On the other hand we are in the gravest danger of sacrificing discipline and economy, and of making subserviency to the popular will a cloak to cover abuses of trust and violations of commercial honesty.

The chance of securing the advantages and avoiding the evils of either form of government is better in a municipality than in a nation. For the municipality is neither a military body nor in its main functions a legislative body, but an administrative one; and while the character of the administration chosen is likely to reflect in some measure the traditions of the central government, there is no necessary connection between the two. Moreover, the responsibility for the success or failure of municipal administration is at any rate less hopelessly obscure than is apt to be the case with national authorities. Under such circumstances, the chance for successful and economical control of enterprises by municipalities is better than the chance under national authorities.

For the central government to manage an industry well, a non-partisan civil service is absolutely essential. Even in so simple a case as the post office, the abuses of patronage have been great, and only the enforced monopoly of the government which shuts out private competition in letter carriage prevents us from seeing how great is the waste which arises from this source. Much more must this danger make itself felt in industries with large capital account. Only where the traditions of the civil service are such that the best men of the country seek and gain admission to it, independent of party, can we hope that the advantages from government management of these industries might outweigh the evils. With the conditions as they exist in the United States, political reasons compel us to reduce government ownership of fixed capital to a minimum. Any extension of party patronage to a new, lucrative, and complex field must involve serious dangers to the already inadequate powers of our Civil Service Commission. The Italian authorities fifteen years ago, after the fullest investigation, came to a decision adverse to government management of railroads; and this decision was based largely on the ground that politics would corrupt the railroad management and the railroad management would corrupt politics. So long as an administration is to any considerable degree swayed by partisan considerations instead of industrial ones, every extension of government activity to new fields must be regarded with grave apprehension.

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## LABOR IN CALIFORNIA.

THE isolated position of the European colonies on the coast of America led Adam Smith to accord them special treatment. The fact that California occupies a somewhat similar position of economic isolation warrants a separate study of some of its economic problems. The geographical position of the State, separated, as it is, from the rest of the Union and from the world's markets, by high mountains, vast deserts, and enormous stretches of land or water, necessitates so material an increase in the cost of transportation, even since the advent of railways, that it is best to study its *commerce* by itself. The peculiar climatic conditions, the existence of important industries not possible in many other parts of the world, and the peculiar origin and history of its people, suggest the advisability of a separate study of California's *industrial* problems. A study of the forces at work tending to bring the conditions of economic life here into conformity with conditions existing elsewhere cannot fail to be interesting, and may throw some light on dark places in economic theory. This paper deals with the change in the conditions of labor.

### 1. *The Rate of Wages.*

The great advantages enjoyed by the laborer in a newly settled community, especially in the line of high wages, are seldom lasting. They were, probably, greater and of longer duration in California than in any other part of the Union, enduring in large measure until after 1870. This is partly due to the absence of railroad connection with the East before 1869. There are, still, not a few lines of industry, particularly those requiring considerable skill, and in which all the work must be done on the spot, that offer the worker better rewards than he could obtain in the same trades in the Eastern States. The explanation of these high wages and the general prosperity of the laborer in such a "new country" during the first few years after settlement is, of course, a simple one.



These advantages have been frequently discussed by economists, and are continually used to illustrate various theories of wages, of interest, or of rent. The explanation is found in the fact that in such newly and thinly settled communities the first settlers enjoy, with less restrictions than elsewhere, the assistance of nature in their labor. The mere "labor of appropriation" is in such cases generally slight compared with the product obtained thereby. Land and nature's other resources are abundant and obtainable at comparatively little cost. The reward obtained by their use is very large. The same fact also explains, in part, the uncommonly large returns that capital obtains in such places. So long as there is still untilled land at the disposal of the state, or for sale at a reasonably low price, there is no question that wages in that vicinity must be as high as the returns which that labor could obtain if applied to the cultivation of land. For California, of course, the explanation is incomplete, unless we include also the effect of the possibilities in mining. So long as there were many unclaimed placer mines, easily available, the rate of wages in other lines of industry had to be, naturally, high enough to offset the advantages to be found there.

The explanation of the causes which so rapidly reduce the wages of labor in these same communities to a level, which, although not altogether so low as that in other longer settled communities, is yet so low that the differences are no longer very important, is not so generally understood. For California there are a number of explanations of this change which are advanced, sometimes singly and sometimes together. Sometimes we are told that the explanation is to be found in the fact that the land has all been withdrawn from the market or is held at speculative prices so high in proportion to its real value that its purchase would confer no greater advantage than a similar purchase would in an older community. There is some force in this explanation. Yet it does not seem to me to apply in like degree to all the different kinds of labor in this State. Nor is it yet true of California that most of the lands and natural aids to production are held at prices which would prevent the thrifty settler from realizing great advantages from their use. Another sugges-

tion and one that grows directly out of the foregoing and, in a measure, presupposes its acceptance, is that which maintains that many would-be settlers of small fortune have flocked here under the mistaken impression that there are still lands to be had on terms within their moderate means. That, finding themselves disappointed in these hopes, these persons have gathered in the cities, and there, by competition in the few lines open to them, forced down the wages hitherto received. This explanation, which was the one favored by Mr. Meriwether, the special agent of the United States Labor Bureau, who made an investigation into certain labor problems here in 1887, seems plausible enough. There are some facts that seem to warrant it. It presupposes, however, what we have just seen was not quite true, namely, that land and other natural advantages are no longer to be had on reasonable terms. There has been from time to time a temporary accumulation of immigrants in the cities who from lack of means found themselves unable to realize the extravagant hopes which they had entertained. But they have never been sufficiently numerous to have any permanent effect on wages and generally soon found the way of at least partially realizing their ends.

Another and still more popular theory is that which finds the whole explanation of the lowness of wages in California in the competition of the Chinese and Japanese.<sup>1</sup> That the presence and possible increase in numbers of a class of laborers willing to take certain kinds of labor at any price and unable through ignorance of our laws, etc., to acquire much advantage from the possession of land, and not, like the rest of the population, looking and hoping for affluence, but more than content with a low wage, would seriously affect the wages of all labor of the same grade and possibly reflect unfavorably on the wages of other grades of labor, is undeniable. But there remains the stubborn fact, preventing us from attributing this purely to race characteristics, that, whenever one of these hated Chinese or Japanese succeeds

<sup>1</sup> The State Bureau of Labor Statistics is at present dividing its energies between running a free employment agency and carrying on a crusade against the illegal importation of Japanese laborers under contract.

in acquiring skill, as, for instance, in the case of the Chinese cooks, his labor commands a price so high that he at least cannot be said to depress wages. It is the incompetence of the unskilled Chinese that is the chief cause of the low wages that they receive.<sup>1</sup> Here, as well as elsewhere, wages depend on the value of the product. The increased output of the product of unskilled labor at a decreased cost, the cost being estimated in terms of a lower standard of life, causes a fall in the value of the product and necessarily a fall in wages. But, as usually applied, the argument from the presence of the Chinese is made to explain too much. The reasons for the change in the conditions, even of unskilled labor, in California, to one closely conforming to that in the East, are not summed up in this one. Had the Chinese not come, a similar fall in the wages of unskilled labor, though possibly not quite so great a one, would have taken place. The presence of the Chinese only aggravated and intensified the effect of forces already at work.

The chief error of all these explanations arises from the attempt to find a single cause for a phenomenon that is complicated in its nature. We must examine the conditions of different classes of labor separately. The first class to be considered consists of those skilled laborers producing goods for a market broader than the State of California. The extraordinary distances to be traversed in bringing these goods to market has its greatest effect here. Such industries can only live when the natural advantages enjoyed by producers equal or exceed the advantages enjoyed by the other members of the competing group, plus the excess cost of transportation. And California wages in these lines can only exceed wages in the same line elsewhere by just as much as the natural advantages, less the increased cost of transportation, are greater. As these natural advantages are

<sup>1</sup> It has recently come to my notice that a Chinese clothing contractor in San Francisco has found it profitable to replace his own countrymen by more efficient white girls. In the vineyards of Sonoma County the Chinese are being replaced by Portuguese on account of the scarcity of the former since the exclusion act has come into force; much to the satisfaction of the vineyardists, who find the latter more efficient.



more and more appropriated, they lose their influence on wages. As soon as it is no longer possible for the laborer to be an independent producer, if the wage offered him is not sufficient, and thus obtain a larger return, lower wages will have to be accepted by those who choose to pursue this line of work. That is, the wage earner can no longer receive rent as well as wages. The chief constituent element of this group is the body of skilled labor engaged in the production and preparation of fruit and wine. The wages of such laborers are as a rule still higher than those of the same grade elsewhere. Here, too, belong the miners, but for these, of course, the cost of transportation is no hindrance, and they receive correspondingly higher wages still<sup>1</sup>. Here belonged formerly the wheat-raisers of the State. But as Mr. Horace Davis has so ably shown,<sup>2</sup> wheat-raising in this State is no longer a profitable industry, for reasons peculiar to that industry, and so exceptional as to justify us in omitting farther consideration of it here.

The second important group that we will consider is composed of those industries which produce goods competing, in the local market, directly with goods that can be imported from outside the State. It is easy to see that, in all these lines of industry, the only absolute advantage that the laborer has in California is measured by the cost of transportation. There is a slight advantage arising from the fact that the nearness to the market enables the producer here to gauge more accurately the demand as to kind, quality and amount, than the more distant producer. And again, if the commodity is one in the manufacture of which a large amount of the raw product can be drawn from this State, there is another slight advantage accruing from that source. These two latter advantages,

<sup>1</sup> Average daily wages in gold and silver mining in California and Michigan, in 1890 [U. S. Census]:

CALIFORNIA.		MICHIGAN.	
Above ground.	Under-ground.	Above ground.	Under-ground.
Foreman ---\$3.30	-----\$3.49	-----\$3.25	-----\$2.25
Mechanic --- 3.26	----- 2.74	----- 2.25	----- 2.00
Laborer..... 2.05	----- 2.28	----- 1.81	----- 1.80

<sup>2</sup> Journal of Political Economy, Sept., 1894.



however, do not, so far as my observation goes, more than offset the higher rate of interest on the capital employed and consequently the laborer can obtain little from that source. So that, in the main, the difference in the rate of wages in favor of California in these lines of industry cannot be greater than the cost of transportation. As soon as the needs of the community call these industries into existence, the rate of wages will be in close conformity to the rate in the East. And this I have ascertained to be the fact. This group of industries stands at one extreme. In them wages never were high; they were mostly late in coming into existence, and only rise into importance where the weight or bulk of the goods is so considerable as to increase the cost of transportation.

At the other extreme stands a group composed of those industries requiring skilled labor, and in which the whole of the labor must be rendered on the spot. These, as we should naturally expect, came early and partook in the highest degree of the natural advantages which the new country afforded. Their wages are to-day higher than in the first group. The first report of the Bureau of Labor Statistics of the State contains some figures which appear to show that the wages earned in California in that year (1883-84) were very much higher than those in the same trades in New York and Chicago. The difference in the rates of wages quoted for these places is astonishingly great. A close inspection of the list, however, shows that it is composed almost entirely of trades of this third group, namely, trades which from the nature of the work done had to render all their services on the spot, and which as skilled labor would not be apt to feel directly the competition of the Chinese or of disappointed immigrants. The list contains bricklayers, masons, carpenters and joiners, gas-fitters, painters, plasterers, plumbers, slaters, blacksmiths, bakers, shoe-makers, cabinet-makers, coopers, printers, tinsmiths, and brass-founders. As will be seen, the list contains those industries that have all the advantage which location here can afford, and was well calculated to deceive. It was, probably, not chosen with any intention to deceive, being composed of those

industries which had been longest established, and these would naturally be of this favored class. Only one or two of the industries belonging to the other class are included in the report, and they were so because they were already becoming important. They are the tailors, the copper-smiths, and the cutlers, and all of these, as might be expected, show none of the peculiar advantages as to high wages which the others enjoyed. It is in this third class that the effect of the two first causes of the three commonly alleged would be most plainly seen. But in this those theories are not sustained, since the higher wages still paid in these lines of work do not show the effect of the excessive competition that is claimed is the result of holding land at speculative prices. Although the wages of labor of this class still compare favorably with the best wages paid the same kind of labor elsewhere, yet there has been a decided fall since the report of the bureau of labor statistics above cited. This can be explained, of course, in the usual way, by the movement of labor toward that class, a movement which during the last decade has had time to accomplish in part the inevitable equalizing.

To this group belong the railroad employees. The report of the Interstate Commerce Commission for the year ending June 30, 1894, contains statistics of the wages of railroad employees all over the United States. These statistics are based upon averages of so large a number of persons, and cover so long a period, as to be truly representative. It would be natural to suppose that on account of the greater "mobility" of railroad employees, local advantages would have relatively the least effect upon their wages. But the careful statistics of the Commission show that even this class of skilled labor partakes of the advantages of the favored locality, because it must be rendered on the spot. According to this showing, the wages of all employees, except those classed as general officers, were for three years, 1892, 1893 and 1894, higher in California than in any other part of the United States, and, in most cases, very much higher. We select for comparison the Commissioners' groups II, III and X. Group II includes New York, New Jersey, Delaware,

Maryland, and most of Pennsylvania; group III includes Ohio, Indiana, and southern Michigan; group X includes all the States and Territories west of the Rocky Mountains, which are sufficiently homogeneous to be representative of the conditions in California, particularly so in view of the fact that a large part of the railroad system is under one management. To these three we add the general averages for the whole country. Other groups might have been selected which would have shown more marked contrasts in favor of California, but in them the lower rates are due to exceptional circumstances. No such circumstances can be urged against the two Eastern groups selected.

COMPARATIVE SUMMARY OF AVERAGE DAILY COMPENSATION OF RAILWAY EMPLOYEES FOR THE YEARS ENDING JUNE 30, 1894, 1893, AND 1892.<sup>1</sup>

CLASS.	AVERAGE DAILY COMPENSATION IN DOLLARS.											
	United States.			Group X.			Group II.			Group III.		
	1894	1893	1892	1894	1893	1892	1894	1893	1892	1894	1893	1892
General officers .....	9.71	7.84	7.62	11.09	7.93	7.35	10.20	8.58	8.69	9.16	7.78	8.15
Other officers .....	5.75	-----	-----	7.05	-----	-----	5.76	-----	-----	5.42	-----	-----
General office clerks .....	2.34	2.23	2.20	3.49	2.93	2.79	2.30	2.40	2.44	2.30	2.12	2.08
Station agents .....	1.75	1.83	1.81	2.40	2.49	2.54	1.71	1.75	1.69	1.67	1.69	1.69
Other station men .....	1.63	1.65	1.68	2.36	2.33	2.36	1.63	1.68	1.69	1.56	1.59	1.66
Enginemen .....	3.61	3.66	3.68	4.42	4.52	4.66	3.49	3.55	3.42	3.47	3.50	3.57
Firemen .....	2.03	2.04	2.07	2.52	2.53	2.61	1.95	2.00	1.96	1.94	1.94	1.98
Conductors .....	3.04	3.08	3.07	3.62	3.87	3.81	2.87	2.91	2.85	2.97	3.01	3.01
Other trainmen .....	1.89	.9	.89	2.64	2.3	2.58	1.84	1.88	1.82	1.92	1.97	1.93
Machinists .....	2.21	2.33	2.29	3.13	3.17	3.15	2.05	2.24	2.20	2.13	2.23	2.18
Carpenters, .....	2.02	2.11	2.08	2.89	2.96	2.86	1.96	2.04	1.97	1.89	1.99	1.96
Other shopmen .....	1.69	1.75	1.71	2.45	2.49	2.44	1.57	1.69	1.56	.65	1.62	1.63
Section foremen .....	1.71	1.7	.76	2.29	2.46	2.41	1.73	1.77	1.83	.58	1.61	1.63
Other trackmen .....	1.18	1.22	.22	1.55	1.55	1.56	1.16	1.21	1.18	.17	1.25	1.24
Switchmen, flagmen, and watchmen, .....	1.75	1.80	1.78	2.72	2.77	2.65	1.54	1.58	1.52	.80	1.81	1.80
Telegraph operators and dispatchers, .....	1.93	1.97	1.93	2.87	3.04	2.97	1.87	1.89	1.93	.76	1.80	1.74
Employees—account floating equipment .....	1.97	1.96	2.07	2.51	2.64	2.82	2.02	2.11	2.05	1.47	1.52	1.59
All other employees and laborers .....	1.65	1.70	1.67	2.53	2.81	2.73	1.51	1.58	1.54	1.55	1.53	1.57
Unclassified .....	-----	1.64	1.57	-----	-----	3.63	-----	1.95	2.15	-----	-----	-----

<sup>1</sup> Interstate Commerce Commission Report, 1894, pp. 37-38.



The figures presented in the table bear out the conclusions reached above. It is the highly skilled men that have the largest proportional advantage, while as the skill required for the different positions diminishes, the advantages enjoyed in the way of higher wages grow less. The only part of the country which shows anything at all approaching these advantages is the Commissioners' group VII, including the comparatively "new" country of Wyoming, Montana, Nebraska and parts of the Dakotas and Colorado, where the conditions are similarly advantageous to energetic, skillful men. If the Commission's report were continued for 1895 it would, probably, show that a large part of the advantages have been lost. The ill-advised strike and the depression have caused much rough adjusting and many heavy reductions and discharges.

We come, now, to a fourth group of laborers, that is everywhere the most discouraging to study, and everywhere the most poorly paid, viz. the unskilled. In newly settled communities this is the class of labor that at first gains *relatively* most, from the cheapness of land and the favorable terms on which nature's bounties can be had, and which, on the other hand, first feels the movement toward a state of affairs more nearly in accord with conditions elsewhere. A fall in the wages of this kind of labor is to be expected when laborers of this class become in the least degree excessive in proportion to the amount of land still available. Being in the highest degree inert, and never very competent, this class early becomes excessive, even though its numbers appear small. The suggestions commonly offered in explanation of the fall in wages apply here if anywhere. Here the competition of the Chinese is most keenly felt. There has certainly been, at times, a glut of this kind of labor. Mr. Meriwether seemed to think that this glut was only felt in the cities. He cites, as evidence of the absence of such a glut in the country, the fact that in rural districts the economical farmers take the children out of school in the season to pick fruit, that would otherwise decay. But this does not support his contention. For since the children had to be supported anyway, and the labor in this case is light, a very slight earning would be ample recompense for their labor.



The value of such fruits when picked is in many instances sufficient only to pay for that cheap labor and would probably not pay at all for the dearer labor of adults. The correct explanation of the fall in the wages of unskilled labor in California is that there are no longer lines of industry which can give employment to unskilled labor with any greater advantages than elsewhere. Could unskilled labor produce here [as it did at first] a commodity which for special reasons had a high value in proportion to the amount of labor employed, wages would never have fallen in spite of the advent of the Chinese.

To sum up: For unskilled labor the rate of wages in California already conforms to the rate paid elsewhere,—1, because the natural advantages which could be used by such labor are mostly monopolized,—2, because a large part of the unskilled labor is peculiarly inefficient. A few lines of skilled labor employed in industries exploiting peculiar natural advantages still earn large wages. Many lines of skilled labor, of such a sort that the work is done on the spot, obtain slightly higher wages than prevail in the East, and will do so as long as the advantages enjoyed by the first class of skilled labor are not all appropriated. The rate of wages enjoyed by skilled labor producing commodities which compete in the California market with commodities manufactured outside are higher by part of the cost of transportation, and this will be the first class of skilled labor to lose the advantage which it enjoys.<sup>1</sup>

<sup>1</sup> The following statistical tables are appended in order to illustrate the character of the materials dealt with. General averages are not instructive. In the first column is given the *daily rate* paid competent men of fair average ability. These are what the workers consider fairly good. In the second column are the averages per day for a year of the wages actually paid to a number of workers [6-25 in each case] who were paid at the rate given in the first column. The table is based in part upon the unclassified returns to the State Labor Bureau in 1893, and in part upon personal investigations by the author. Wages fell below normal in 1894, but are now rising. Many have reached the level of 1893. These apply, except where otherwise stated, to white labor.

TRADE.	NOMINAL WAGES.	ACTUAL.
Bricklayer,.....	\$5.50	\$3.50
Plasterer, .....	5.00	3.75
Hod-carrier, .....	3.50	2.43
Stone-cutter, .....	4.00	3.00

*2. Organization.*

That the laborers of California have felt, in their turn, the same need of organization that was felt in other States is

TRADE.	NOMINAL WAGES.	ACTUAL.
House-carpenter, .....	\$3.50	\$2.90
Mill-carpenter, .....	3.00	2.50
Mill-hand, .....	2.50	1.50
Laborer, [in mill] .....	2.00	1.25
House-painter, .....	3.00	1.75
Machinist, .....	3.50	3.00
Laborer, [in machine-shop] ..	2.00	1.50
Iron-moulder, .....	3.50	2.75
Blacksmith, .....	3.00	2.40
Brass-finisher, .....	3.00	2.50
Tinsmith, .....	3.00	2.75
Baker, .....	1.50	.90
Compositor, .....	3.00	2.00
Gripman, [cable car] .....	2.25	1.75
Conductor, .....	2.50	2.00
Cooper, .....	2.50	1.50
Upholsterer, .....	2.50	1.75
Cabinet-maker, .....	2.75	2.25
Tanner, .....	2.50	2.00
Shoe-cutter, .....	3.00	2.40
Harnessmaker, .....	2.50	2.00
Cigarmaker, .....	2.00	1.50
Book binder, .....	2.50	1.75
Tailor, .....	3.00	2.00
Shirt-maker, .....	1.15	.75
Laundry-man, .....	.75	.55
Saleswoman, .....	1.50	1.25
Bag-maker, [jute] .....	1.00	.90
Box-maker, .....	2.00	1.50
Laborer, [miscellaneous, city] ..	1.25	} Work intermittent, and often paid by the piece or job. The average per year is unmeaning.
Farm-laborer, [with machines] ..	1.75	
" " [without " ..	.75	
" " [Chinese] .....	.75	
Fruit-canneries, [men] .....	2.00	
" " [women] .....	1.00	

## DOMESTIC SERVANTS.

White cook, .....	\$20.00 to \$30.00 per month.
" maid, .....	15.00 " 25.00 "
Chinese cook, .....	25.00 " 40.00 "

It must be borne in mind that these tables, despite every effort to make them accurate, are at best illustrative. The element of personal ability has a great effect upon wages, and causes the greatest variations. This element is especially powerful in a working population so "mobile" as that of California.

natural, since the conditions of labor have become or are rapidly becoming the same here as elsewhere. The movement in the direction of organization did not make much ground until about ten years ago. That is, about the time when the extraordinary advantages at first enjoyed had disappeared. There were, to be sure, a few trades unions before that time. The Hat-finishers' Union of San Francisco is said to date from 1853. There are six unions in San Francisco that were formed during the Kearney movement. Most of those before 1880, however, partook more of the character of social or political clubs than of trade organizations for strictly trade purposes. At first the movement spread slowly. Probably the fact that it was so generally discountenanced by the employers, between whom and the employees there existed, frequently, an unusual intimacy, and the general distrust of the public as well as the comparative weakness of the trades, had something to do with this slowness of growth. But the main reason was that wages were high and the conditions of labor extremely good. As the conditions changed, trades unions came in more rapidly. The years 1884-90 show the greatest increase in numbers and strength of these organizations. Although the increase since then has not been so rapid, the results of the period of formation have been quite permanent. This is rather surprising when we consider the rapidly-changing character of the population of the State and of all its industries. Of course many of the older unions have passed away; many were not strong enough from the very beginning to hold their own, but those that survived have grown generally stronger and more efficient, and the number that survived, together with the natural growth, is large enough to form a very appreciable factor in the development of industry and of the State's resources. Each important city in the State now has a large part of its various trades organized into local unions, most of which are affiliated with or are branches of associations running throughout the United States and Canada. These unions of different trades in the same city or county are then for the most part united in local federations, and these federations then send representatives or delegates to the recently

organized Coast Convention, the first step in the direction of a still broader organization.

It is not easy to ascertain the exact numerical strength of the unions. Partly, because of the lack of any impartial investigations, partly, because of the boastful misrepresentations of the unions' officers, and in other instances on account of the desire to conceal who are members, or how strong some union is.<sup>1</sup> Nor would it be very instructive if we were able to ascertain the number of members accurately, because it is constantly and rapidly changing, as the conditions of labor change, and as the different industries prosper or fail. Old unions die out and new ones take their place, which may, in turn, live, or die within a year. Sometimes a great wave of excitement will swell the numbers rapidly. This occurred during the railroad strike last year. In 1888 the Bureau of Labor Statistics estimated there were about 20,000 members of labor unions in the State. A conservative estimate places the members at present at from 28,000 to 32,000. It is probable that the number was above 40,000 during the excitement over the railroad strike a year ago.

In many important industries there is no organization at all. There are but few organizations of the unskilled. Nor are the same industries organized in all parts of the State. For example, the street car men in Sacramento are organized, those in Oakland are not. There are said to be trades unions among the skilled Chinese. These unions are called "Tongs." But, on account of the extreme secrecy in which all Chinese organizations are shrouded, it is impossible to obtain any trustworthy information concerning them. In some of the cities there are affiliated unions of the same trade, in some, rival unions, and in one or two instances there have been rival federations.

It is not necessary to give a full description of the organization and purposes of the unions in California, for they are, of course, practically the same here as elsewhere. Some

<sup>1</sup> The author made several attempts to collect statistics as to membership in the unions. These attempts failed on account of the difficulties mentioned. They furnished, however, evidence that the estimates used in the text are not far wrong.



points in which they differ slightly, or which are necessary for comparison, have been selected. The dues that are imposed on the members are generally quite small. They differ too much to allow of any average being drawn. The initiation fees vary from 50 cents to \$10.00; the monthly dues from 10 cents to \$5.00, the bulk of these being below \$2.00. The members are reconciled to the payment of the dues and assessments in most cases by the fact that they thus form a fund out of which they are entitled to certain "benefits" on the insurance plan. There are sick "benefits" and death or funeral benefits. Both of them are for moderate amounts, owing to the smallness of the sums collected. The general principle in regard to the payment of assistance to the sick seems to be that the weekly payments shall be approximately one-half of the regular wage set by the union. The funeral benefits generally aim to secure a decent burial, but are in some cases a little more. They vary from \$50.00 to \$250.00. Some few of the unions provide also that a member who is out of work through no fault of his own shall receive stated assistance from the union. This dangerous loop-hole for drones is, however, not left in many of the constitutions, and is generally hedged around with various safeguards. The amount of "strike-pay" is generally smaller than that to be paid in case of sickness.

The federations that unite the unions in each city or county vary in their form, from a loose confederation with no power to enforce any legislation over the unions of which it is composed to a strong body to which all important questions are referred. Many important functions are performed by these bodies. Their offices and quarters often serve as the center for the unions, and sometimes they own or rent the rooms where the meetings of the unions are held. The officers of the federation sometimes relieve the officers of the unions of a part of their more formal and clerical duties. The office of the federation, which is generally open all the time, and centrally located, serves as a general means of communication between the different unions, and sometimes as an intelligence office for those out of work. The rules of most of the federations do not allow the unions

of which they are composed to declare a strike without the consent of the council of the federation. A local union, therefore, that desires to strike has first to convince the other unions of the justice of its contention and obtain the sanction and endorsement of the federation, and then in most cases also submit the matter, with the approval of the federation, to the central authority of the association of which it is a branch. There have been many instances where the necessity of thus showing reasons for a strike has, together with the conciliatory attitude of the officers of the federation, prevented serious trouble.

The organization of the "Pacific Coast Council of Trades and Labor Federations" is extremely simple. There is little more than is necessary for parliamentary action. This association is as yet very weak. It is supposed to meet once a year and to be composed of delegates from all the unions on the coast. But the expense of sending delegates to the meetings of the national trade organizations, which are held for the most part in the East, is so great that the unions hesitate to incur the additional expense of sending men to this convention also. Its aim is to care for those interests of the unions that are peculiar to the whole of the Pacific coast, such as the regulation of the hours of labor by law and the like. That a need for such an organization should be felt is a mark of the economic isolation of the States lying west of the Rocky Mountains.

The aims and purposes of the unions and the methods by which they hope to achieve them are practically the same as those of trades unions everywhere, and cannot be considered here. In the matter of making formal preparations for the adjustment of disputes between the employer and the workmen, there is nothing to be noted that is peculiar to California. As in all the other States, there is a growing tendency among the unions to provide either in their own constitutions or in some other way, as for example, in their federations, for a board or a committee of arbitration. Practically this board is nothing more than the spokesman of the unions in cases in dispute. The State Board of Arbitration is almost useless, because it cannot move until it is called upon by the parties to the dispute, which rarely happens.

There is in San Francisco a strong branch of the Socialist Labor Party. It carries on a continual but moderate agitation, and sometimes influences the unions in their policy. Like all similar organizations in this country, the unions have been the favorite field in which the advocates of infallible nostrums for the cure of all the diseases of the body politic have sought a market for their wares. These persons have from time to time gained the ears of the workingmen, and from time to time the unions have seemed to give their endorsement to some of these measures. Sometimes a newspaper run in the interests of some of these hobbies or of some political party has been chosen as the organ of the unions. Sometimes one has proclaimed itself such without the direct sanction of the unions. Sometimes the unions have given their sanction because the paper then formed a convenient medium for the circulation of their notices. But it is seldom that these papers really represent the thinking of the members of the unions. These members are for the most part sober-thinking, conservative men, who are little likely to believe that all the ills of society can be cured by one dose of any political medicine. Many of them too are property owners. The constitutions of many of the unions contain clauses which forbid the discussion of any political or religious views at their meetings, a prohibition which, I am told from various reliable sources, is pretty generally enforced. Whatever views the members may hold, the unions as such do not often enter politics. The organized trades have not always been happy in the choice of their leaders. They have here, as elsewhere, too often abused the powers which they possess, and have been more arbitrary than any employer, but these excrescences are apparently passing away.

The importance of the movement that introduced trades unions into California cannot be well over-estimated. Not only do the results already attained warrant this statement, but the possibilities that are inherent in them both for good and evil are enormous. In the first place, the establishment of unions has brought the California workmen into touch with the movement of labor elsewhere. Whether this has been by actual affiliation in organization or not, there is as a

result the closest affiliation in thought. This adds materially to the forces that tend to break down the economic isolation of the State. That too close an affiliation with the Eastern unions in the case of those which, as I have shown, enjoy peculiar advantages from being located here, is at the cost of the California union, is clear. The Western workmen have in these industries an advantage which is likely to make them the heaviest contributors to any cause calling for financial support. On the other hand, it is clear that if the unions are strong enough, they may retain for California, for a longer period than would otherwise be possible, the peculiar advantages of a new community. But in the main the unions have had little power to retard the gradual change in the conditions which we studied in the first part of this paper.

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## THE ETHICS OF COPYRIGHT.

**F**IFTY years of agitation and discussion of the copyright question in this country came to an end in 1891, with a legislative enactment not wholly satisfactory to either party, yet accepted as the best that could be done under the circumstances; and now the tide of discussion follows other channels, and the rights and wrongs of authors are heard of no more. But the recent mission of Mr. Hall Caine to this side of the water reminds us that there is still such a question, and that it was not entirely settled for us by our own legislation of '91. It will be recalled that the measures proposed by the Canadian government, against which Mr. Caine came here to protest, would, in their results, practically lay us open to the same condition of things that existed here before our own imperfect law of international copyright was passed. Free license to print in Canada would be followed by extensive importation into this country, by mail or otherwise, of cheap editions of American or English books already copyrighted in America, and a ruinous competition would ensue with the authorized editions. No one doubts that the proposed legislation was entered upon almost entirely with a view to the American market, as sales in Canada itself are too small in amount to afford a booty worth quarreling over. At the present moment Mr. Caine seems to have succeeded in his mission, and by the time this appears no doubt the Dominion parliament will have sanctioned the informal agreement entered into by the government to carry out a plan of copyright legislation substantially similar to our own, and preserving to the holder of an American copyright the enjoyment of all his rights under it. After such a narrow escape it may not be wholly untimely to look once more in a general way over the whole question, in its moral as well as its legal aspects.

There is perhaps no subject on which more assured moralizing has been expended, in which the appeal to assumed first principles has been more direct and more confident, than

on the question of the right of an author to the proceeds of his labor. The proposed revision of the copyright in England in 1842 brought it forth in large quantities. The agitation over an international copyright in this country, during the last decade, brought forth an even greater flood both here and in England. The natural right of the author to the product of his labor was upheld as one so plainly stamped in the nature of things, that no one of any intellect or fairly good intentions could fail to observe it and assent to it.

The late Prof. Boyesen, writing on copyright,<sup>1</sup> entitles his characteristically pungent article "A Defence of the Eighth Commandment," making the right of copy a "titulus" under that "article" as it were, and adding to the controversy that last instrument of ardent discussion, the *odium theologium*.

What, then, is this natural right to copy? What is it based on? Copyright, patent-right, literary property, incorporeal property, are terms which, although not convertible, are connected in a close manner, and belong together in a discussion that seeks to find the meaning of one of them.

Literary property is defined by Drone as "the exclusive right of the owner to possess, use and dispose of intellectual productions," copyright as "the exclusive right of the owner to multiply and dispose of copies of an intellectual production." Thus literary property is the right of an author in his work before publication; copyright his right in it after publication. Literary property and copyright are understood to be confined to writings of various kinds, to pictures and music. Patent-right is a sort of copyright applied to mental product employed in the processes of the useful arts. It has been contended<sup>2</sup> that copyright and patent-right are different in principle: that patent-right is a monopoly in the use of an idea; copyright is the exclusive right to the use of a special form only, in which an idea is couched. As a matter of fact the cases are exactly parallel. Monopoly in idea is distinctly not granted in a patent-right; monopoly is granted only in the special application of an idea in some

<sup>1</sup> *Cosmopolitan Magazine*, iv, 485 (February, 1888).

<sup>2</sup> T. R. Lounsbury, *N. Y. Tribune*, February 25, March 9, 1884.

strictly defined and limited direction, the form, in other words, in which that special idea is clothed. No one could patent the general principle of gravity, or of electricity; only the special form of application could be patented, that either had taken in some special machine, constructed to make use of it. As the writer uses a common stock of ideas to work up into his new and original form, so does the inventor use a common stock of physical and mechanical principles in working up special forms of their application; and it is upon these, not upon the principles themselves, should he even be so fortunate as to discover one or more new ones, that he may secure his patent. The term "incorporeal property" may be used as the genus under which copyright and patent-right are species. Macleod says: "Property is a right residing in the person, and there may be property in things which already exist, and also property in things which only come into existence at a future period. The former is usually called corporeal property, the later incorporeal." Other species of incorporeal property, besides copyright, are the good-will of a business, shares in a company, and so on. All these terms unite in the common conception of property or title in something one cannot at present see, touch and handle, in distinction to property or title in something one can see, touch or handle.

Tracing back the idea of property in an intangible, immaterial thing, we find, as we should expect, little evidence of its presence where the distinction of material and immaterial itself was not as yet fully worked out and clearly understood. Greek society of classic times had not thoroughly distinguished a body from a soul—a word from the thing it stood for. The mystic power attributed to the repetition of a formula, the efficacy thought to exist in the use of charms and incantations, in symbolic images employed in magic rites, all go to show how ill-defined was the boundary between thought and thing. The early philosophers defined the soul of the body and the soul of the world as a substance, fine, tenuous, subtle, indeed, but material like the rest of the world. To Plato and his successors we owe the working out of a clear distinction between soul and body, thought and



thing, form and matter, that appeared later in current thought and got into the civil law ; but in the Greek law of the time, we find no trace of it. In ancient Greece, then, there is to be found little evidence of copyright—the right of reproducing a literary work ; there is some recognition of literary property, which, however, would seem to fall rather under the head of right to services. In other words, an act or series of actions, not a product, is the object of a right. Unlike both material and immaterial products, services are occasional and transient. They are called for at certain junctures, for certain specific purposes ; they arise into being, fulfill their function, and perish in so doing. Unlike a material product, a service is intangible ; unlike an immaterial product, it does not necessarily involve invention and creation. Invention and creation may, however, be involved in the act of service, though it may not be noted as a distinct element in that service. The wandering ballad singer of the Homeric age probably did not distinguish in his own mind between that part of his fee which was due him for the singing of his song, and the part that was due for making the song. The entire operation was looked on as one service for which one fee was received.

If the minstrel could vary the parts of that service, sing better for example, or compose a better song, it was all part of one operation to him, a bettering of his act of service, a means of making his performance, as a whole, more acceptable, and thus of increasing his reward. Dramatic authors were paid for a service, the writing of plays, either by a fixed sum out and out, for the execution of a set task, or by the chance of winning a prize to be competed for in open contest. But nothing is known in ancient Greece of any right in reproduction of songs or plays. When the playwright delivered up a play and received his stipend, the play passed out of his keeping, and he had no further property in it. In Roman times, when we find a book trade pretty well established, we see literary property recognized to this extent, that authors were paid a little something for their works by publishers. We now find the germs of copyright in that publishers seem by custom to have respected each other's



rights in the making and sale of copies. Literary property at this time seems to vest in the original author, and copyright, so far as it is developed, in the publisher only. Horace complains that his writings bring in a continual stream of gold to his publishers, and to him nothing but fame.<sup>1</sup> But recognition of copyright is as yet by custom only: nowhere can we find record that legal proceedings were resorted to, or a legal principle invoked, to punish or restrain unauthorized multipliers of copy. As Greek philosophy, coming in with Greek letters, had found its way into all phases of Roman life, so did it find its way into the Roman law. One of its results was to turn the practical genius of that law from concrete, single cases and decisions to abstract, universal principles; from fact to theory. Then arose a fashion for theoretical discussion of legal questions on the basis of general metaphysical principles. Assuming one of these principles, cases were either found to fall under them, or else they were invented out of hand, and as much energy, skill and subtlety was spent in expounding these as if they had been real phenomena of legal life. One of the most important of the principles taken over from Greek philosophy was the Platonic distinction between form,—the shaping, active thought, and matter,—the moulded, passive thing. Acceptance of this distinction involved the recognition of a material and immaterial element in objects, on either of which a claim to property might be based. As form and matter are concretely inseparable in the particular thing, claim to ownership of either form or matter must involve a claim to the other. What to do then, if these ownerships conflicted, was a favorite theoretical question of the Roman jurists. The *Corpus Juris* took the ground that the element most essential to the existence of the thing was that which established the claim to property. For example: if the form were essential and the matter accidental, as in the case of a picture, the maker of the form was the true claimant; if the matter were the essential and the form accidental, as in the case of a table with a picture on its top,—for a painting is no part of the essence of a table—the constructor and

<sup>1</sup> Art. Poet. 345.

provider of the material was the true claimant. Except among the speculative few, however, the distinction between material and immaterial property was not very well understood. The difference between labor, the laborer, and the product of his labor, was summarily brushed aside by the simple process of owning the laborer, and taking the product of his labor. That this way of looking at the matter was of wide prevalence and long duration is seen by the fact that almost down to our own time a very usual way of rewarding the literary man for his work was not to buy his work, but to buy him. In ancient Greece and Rome the author, when not a man of independent means who wrote for his own amusement and for reputation, was apt to be either a slave *de jure*,—such in legal status,—or a slave *de facto*,—a pensioned client of some wealthy patron. Further down, in the middle ages, we find again the wandering minstrel, as in Homeric times, going from place to place, making and singing his songs in attendance upon some wealthy prince or noble, who rewarded him with board, lodging and an occasional largesse. The painter, the poet, the man of letters,—all were part of the following of the feudal lord, a species of landless serf, as it were. The eighteenth century, even, shows us each man of letters in the train of some great personage, to whom he was indebted for a slave's wages, i. e., the essentials to bare existence. The fulsome dedications of that period show to what a low depth of dependence, even servitude, the literary man was degraded. It is not surprising, then, to find that the earliest general copyright system rested not upon an assumed right in a mental product by its inventor, but upon an assumed monopoly privilege in a manual product by its artificer. Copyright laws take their origin in monopoly privileges given to printers. This principle of monopoly in production is familiar enough throughout industrial history, and it is not strange that the printers wanted the benefit of its application to themselves. The question of copyright, the right to produce copies of an intellectual product, was not of great importance while reproduction was itself such an expensive and tedious process, that few engaged in it, and were so long about their

tasks that there was no danger of overstocking the market and thus reducing profits. But with the invention of printing, production of copies became so cheap and easy that supply could and did easily outrun the demand. The printers appealed for protection. At first, special privileges were granted for the printing of special works. Such privileges were granted in Italy, France and England, and the rights specified were vested in printers, not authors. The Stationers Company of London was established in 1556, for the purpose of bringing printers under control, and to prevent seditious and heretical publications. All printers were to register their works with this company, and no printer was to print a work registered by another printer. The licensing act expired in 1694, and thus an open field was left to all printers to print anything and everything. Petitions were presented in 1703, 1706 and 1709, claiming property in copy. We now begin to see authors, as well as printers and publishers, distinctly claiming such rights. An act was passed in the reign of Anne, in the year 1710, giving to authors of works then existing, and to their assigns, the sole right of printing the same for twenty-one years from the date of the law. Authors of future works and their assigns had this right for fourteen years. If the author was alive at the end of that time, the privilege could be renewed for fourteen years more. Much discussion arose later when in individual cases these statutory periods began to fall in, as to whether a common law right in copy existed prior to and independent of this statute, and if so, whether the statute did away with the common law right. Injunctions granted in chancery for the protection of certain authors beyond the statutory limits seem to show that such a common law right of absolute property in an intellectual product was recognized, and that the statute of Anne was thought not to derogate from that right. In the case of *Millar vs. Taylor* in 1769, the Chief Justice, Lord Mansfield, and Justices Aston and Willes ruled that by common law a perpetual copyright existed independent of statute; Justice Yates held the contrary. In 1774, in the case of *Becket vs. Donaldson*, appealed to the House of Lords, it was decided by a small majority



of the law-lords that such a common law right had existed, but was taken away by the statute of Anne. Since this time, copyright in England, as a legal right, is held to exist by statute only, not at common law. This does not prevent a right to copy being considered as an abstract natural or moral right above any statute, which, however, it is desirable to incorporate into statute, if statute law is to be the mirror of justice. The complete formulation of such a doctrine was rather helped than hindered by the *Becket vs. Donaldson* decision, which by denying the legal existence of such a right, freed the moral aspect of it from all legal fetters and complications. The ground, too, had all been prepared for its rapid subsequent growth.

In some way or other, the conception of a moral right to an immaterial product had crept into the discussion as to whether the old system for regulation of printing should or should not be revived. That system itself was, as we have seen, founded upon a conception quite different—that of monopoly in a material product. The petitions of 1703, 1706 and 1709 seem, however, to indicate the recognition of an immaterial something, the product of a man's brain, in which he could claim exclusive and perpetual property. This conception gained ground, was sanctioned by the courts, was finally disavowed and discredited by the courts in 1774; but from that time on has grown in the world of thought outside the courts. Where did it come from? It is noticeable that this claim arises into prominence about the time that Locke's theory as to the foundation of property in labor becomes generally diffused. We do not need to be reminded how strong an influence Locke was in English thought. It is difficult to find an author after his time who does not show traces in thought and expression, in very intellectual texture, so to speak, of the "celebrated Mr. Locke." One of the acutest and clearest thinkers in English philosophical history, it is no wonder that he left his trace in purely philosophical domains. But there were political reasons besides which gave Locke prominence and made his ideas prevalent where ideas, new ones at least, do not often come, in the courts of law and the houses of parliament.



The apologist for the revolution of 1688 would certainly be quoted with approval by the makers of that revolution, and by those who enjoyed and benefited by its results. It is then natural that in the early days of the Hanoverian dynasty, the opinions of the great Whig philosopher should be adopted into the fabric of practical politics. What was the general trend of these opinions? It is interesting to note that the great opponent of innate ideas, the father of the sensational psychology, the philosophic experimentalist, in his political writings indulges in a thoroughgoing employment of metaphysical ideas and *a priori* principles. The revolution of 1688 needed a skilled defence. An apparently arbitrary proceeding was to be covered by a veil of legality. The excesses of the commonwealth were too fresh in people's minds to make quite safe the admission of a purely voluntary and calculated change of government; on the other hand, prescription, custom, all the support of traditional right, could be only on the side of the deposed line of succession. The only thing left was to have recourse to a supposed natural right, not arbitrary, because fixed in the nature of things; not depending upon law, because it existed anterior to law. One of these supposed natural rights was the right to the product of labor; and on it was founded the general principle that all property had its basis in labor. Property up to this time was based on occupation, in practice at any rate. As we have seen, literary property had been held in this way. Property in a literary production was secured either by the author's holding on to it and refusing to give up possession without an equivalent, or by the owner of an author holding on to him. Once either work or author was out of possession, property in his product was gone. From the idea that property is founded on labor, naturally results the idea of literary work as an especially pure form of property, for what other product contains so much labor and so little of the material substance which can be held by occupancy only? And on this ground is based the claim of the abstract right theorists to a perpetual natural right in brain product. Locke has been called the spiritual father of Rousseau and of the other abstract political philosophers of

the French revolution. If so, it is an interesting confirmation of our theory as to Locke's agency in bringing in the conception of copyright as a natural right, that one of the earliest acts of the French constitutional convention of 1791 was to take measures for a system of copyright, adopting as a preliminary step a report drawn up by Chopelin, which declares that "the most sacred, the most inviolable and the most personal of all properties is the work, the fruit of a writer's thought."

In attempting to apply such a system of absolute right in immaterial property as the product of labor, a contradiction arises that is at once seized upon by the other side. The advocates of property right based on labor do not dispute the validity of occupancy as a title to property, if occupancy is properly established. The natural right of a man to the product of his labor includes, in order that he may get the full benefit of it, the right to dispose of the same. He can not expect to dispose of it for a consideration, if the buyer cannot hold by occupancy; if the seller can at any time claim his goods in return, on the ground of his labor in producing them. But in the case of literary wares a strange thing occurs. If a man buys a book, he may read it, lend it, sell it, burn it or destroy it in any way he sees fit, but he may not make another or others like it and lend, sell or give those away. He has not simply hired the book, for he is not bound to give it back,—he may destroy it entirely; he has not, apparently, bought the book out and out, for he cannot do everything he likes with it. Strangest of all, his purchase of the book restrains him from doing what he likes with goods he perhaps owned before purchasing the book, such as paper, ink, types, etc. He is not only debarred from complete occupancy in the thing he has bought, but an occupancy he had previously possessed in other things is taken away from him. A very pretty discussion can thus arise between those who claim, all on the basis of the principle "May a man not do what he will with his own?" on the one side, that the author's labor must not be stolen; on the other, that the buyer's right of occupancy must not be infringed. If the matter must be put on a theoretical basis, it is simple enough to do

so. It is of course evident on the face of it that Locke's "labor" as the basis of property is the practical equivalent of the Platonic "form," the inventive thought that enters into matter and subdues it to itself. Each is the formative, active element, working on the unformed, passive element, the personal as against the impersonal; both imply a process in time and physical action and re-action for their realization. A distinction may be made between the mental and physical element in labor itself; much of the modern dispute between "labor," so called, and capital depends upon this point. In Locke's mind, however, this distinction had not been clearly formulated, or rather, one will observe, without expressly distinguishing mental from physical exertion, he practically ignores the latter and makes labor consist especially in the former. Labor to him was not simply the brute displacement of so many tons of matter, but was pre-eminently the intelligent ordering and arranging of matter; and thus we need not, perhaps, lay too much emphasis upon the strict theoretical differences between the labor-property theory and the "form and matter" theory, but simply accept them for our purposes as the same. The theoretical basis of reconciliation then, between property by occupancy and property by labor, in the case of literary production is just this. What the author means to do, if the law will help him out in it, is to sell the matter of the book and let out the form. Hence the buyer may burn, bury, tear, use up and otherwise destroy the material object he has bought, book, picture and so on, but he may not take possession of the form, except in certain specified ways understood between him and the author, such as personally enjoying, lending, etc. He need not return to the owner the subject of lease, as is necessary in the case of hired lands, buildings, etc., since the form, being immaterial, does not necessarily, in passing to the hands of the buyer, leave the possession of the seller. The buyer has it, but the seller has it too, if he has retained a copy. But why then, if this is so, may not the buyer in turn spread copies of the form without injury to the seller? Because the unlimited spread of such copies in the end detracts from



the possession of the seller. A large part of the value of possession is in the power of exchange, and this power a wide diffusion of copies takes away from the original owner. An author then finds that he has not only sold the use of his product, but that the product itself has slipped from him so far as exchange value is concerned.

Suppose then that he accomplishes his purpose and secures for himself, as his own property, the form of his work, the result of his labor, what is to be the measure of his reward? On this point, we may note a curious inconsistency in those who hold property in copy to be a natural right based on labor. A claim to reward based upon labor should logically be measured by the actual effort expended; any other scale of variation must admit some other standard of measurement. Something besides labor then would be the basis of property. Claim to property based on occupancy is proportioned to what the occupant is willing to accept to give up occupancy; hence to what the other party will pay to induce him to. In the one case, supply, in the other, demand regulates value; in the one case cost, in the other, utility. If, however, we leave the socialists out of the question, who quite consistently propose to reward the author for actual labor expended, the advocates of copyright as a natural reward of labor claim the advantages of possession by occupancy. They want to be paid, not in proportion to the time or labor spent on their productions, but up to the highest limit of value set upon them by the purchasing public.

Thus far the matter has gone on a basis of abstract, individual right. The trend of events seems to show, however, that it is on the ground of social utility that social institutions must be based to have any chance of prevalence or security of survival. The early statutes of copyright indicate this aim in their wording. The object to be obtained in the statutes for licensing printers was clearly stated in the statutes themselves to be the public good. It was thought that by offering a monopoly, printers would be induced to supply the public with correct and carefully printed editions of the classics and other books of value that otherwise



would not be forthcoming. The origin of the Stationers Company was partly in a desire to protect the state from harmful literature. On the ground of the public good, patents for inventions were excepted from the Act of 1624, doing away with monopolies. Statutes since 1774 have implicitly, if not explicitly, made the public good their aim. If complete theoretic right of ownership were the ground of copyright, perpetual enjoyment of it should be granted to the author. Public utility demands that the public enjoyment of an author's works shall be the most complete possible, and yet that the author shall have inducement to produce as much as possible. These two conditions are what the statutes aim to secure. They do not grant absolute and perpetual property in literary product to the author; they try to encourage the maximum of production by setting a fixed period within which the author may control the fruits of his labor; they try to obtain for the public the maximum enjoyment of that product by putting an end to the author's rights as soon as the period of protection sufficient to induce maximum production is passed. Even the advocates of the author's natural and abstract right to copy have been impelled by considerations not perhaps of general social utility, but at least of class utility. The question of copyright, whenever it has been effectively agitated, has been a publisher's question. The poor author, in whom only the natural right is vested, was brought into the fight, in the first place, because he was needed by his publishers and printers, as an instrument for getting profits. After the author found out that he was supposed to have some rights, he tried to exercise them for his own benefit, but without the coöperation of his publisher, he could do very little. In this country nothing in the way of international copyright was done until the publishers began to see that free competition in cheap reprints harmed their own class interests. Then they joined in the fight, were as ardent for "natural rights" as anybody, and helped secure the partial victory that was finally won only by placating the printers, who, now degraded from their ancient glory as "party of the first

part" in ownership of copyright to third member in importance, demanded in their turn a share in the profits arising from a copyright monopoly.

Just what form of copyright, or whether any at all, best serves public utility, is a question of practical fact which it takes actual experience to decide. It is not possible to work out in advance through the mass of infinitely complex detail, the exact measure of utility, social or otherwise, to be reached by a given course of action. The slow work of time, selecting this set of ideas, and rejecting that, destroying the one and preserving the other, gradually builds up in men's minds certain broad principles of action, "moral" principles, "absolute utilities" that are valued for themselves alone, and not as means to ends. These are what some set of circumstances has at some time disengaged as wholesome and preservative principles, keeping alive the society that believed in them. Nine-tenths of the world must go on these semi-instinctive principles all the time; the rest must have recourse to them nine-tenths of the time, only watching their general course to see if it does still tend toward utility. Looking at it in this light we have reason to approve of the growth of a moral sentiment which accords property rights to mental products. There are indications that an adoption in practice of the "natural right" theory, though it is historically baseless, and logically confused, would tend towards social health and well-being. There are indications that an increased respect for property in general would be of the greatest social utility. There are indications that an increased respect for mental property in particular would be especially wholesome at this time. The present day notion of labor is as far as possible from that of Locke. When Locke introduced labor as a ground of property, in sharp and complete antithesis to the former basis of occupancy resting on brute force, he regarded labor as the ordering, guiding and systematizing process of mind in nature, not as the brute strength of muscle able to displace so many tons of matter, completely expressible in foot-pounds or in horsepower. Finally, if a right of property in mental product is,

as it undoubtedly is, an incentive to the growth of intelligence and the production of ideas through the possibility of existence it offers to the thinker, then that right of property should be regarded as most essential to be preserved; for it is the nation that ceases to think which will be most certainly crushed out in the struggle for existence.

KATE HOLLADAY CLAGHORN.





The book naturally divides itself into two parts, the first treating of money, the second of banks. In the first part the author has not confined himself strictly to the United States, but has introduced a good deal from the history of the currency in foreign countries. The part on banking, which takes up one-half of the book, treats almost exclusively of banking in the United States, only incidentally alluding to other systems. The book, therefore, will not take the place of Professor Dunbar's admirable work on this subject, but forms an excellent supplement to it for all who desire to use such a book in the class room, since it treats in detail of the very subject to which Professor Dunbar devotes but a short chapter.

There are a few passages in the book which may, perhaps, be misleading, and which might well be modified in future editions. The author states, for instance, that "the amount of silver to be bought under the Sherman law was almost double the amount under the Allison law" (p. 202). It was about double what was actually purchased in 1890, and nearly three times what was purchased in 1879, but the amount actually purchased under the Allison law was only about half what was permitted. Again, after enumerating the different forms of representative money circulating in the United States, and giving their amount—without, by the way, stating what date he refers to—he says: "Strike out from the list of representative money numbers 2, 3, and 4, and write 'greenbacks' in the place thereof and assume that the government has certain assets of uncertain value, composed of white metal, some of it stamped, and some unstamped—then you know everything that can be known about the multifarious currency issued by the United States" (p. 204). This certainly is assuming an amount of intuition to which the ordinary reader can hardly lay claim. But such defects are very rare, and they are offset by scores of instances in which the author sums up a long argument in a few clear cut words, which can not fail to promote a proper understanding of the currency questions. Particularly clever in his treatment of the quantity theory of money, in chapter 17.

One reviewer has criticised Mr. White for not telling us on what plan our currency should be organized in the future. Doubtless, if he had set out to write a book of that kind he would have written a very good one, but, as he set out to write a history of it in the past, we should be glad that he has done his work so excellently well.

H. W. F.

*Traité théorique et pratique d'Économie politique.* Par M. Paul Leroy-Beaulieu. Paris, Guillaumin et Cie., 1896—4 vols.

The large work of Monsieur Paul Leroy-Beaulieu, in four volumes, reached us too late to permit of our giving a review of it in this number. We hope to do so in the next. In the mean time, we trust that our readers will be interested in knowing what the author says of his own book, and therefore give, herewith, a translation of about half of the preface.

"This book is the fruit not only of twenty-five years of teaching, but of thirty years of careful and uninterrupted observation of the world, and of practical economic and financial activity.

"The author believes that in order to understand and deeply grasp concrete phenomena which are singularly varied and of multiplex aspects, in order, again, to unite them into a legitimate synthesis, it does not suffice to study at one's fireside numberless volumes written by one's predecessors, or to burrow into old portfolios and interminable reports. It is necessary to come into direct contact with the facts, to receive their impact, to follow them in all their reality.

"This is what the author has tried to do for thirty years. As far as possible, he has developed in all directions his practical economic experience in order to furnish an abundant and nourishing substance for his theoretical observations.

"He has taken part, since 1870, in the financial movement of the two worlds, observing and feeling personally all its oscillations. Sometimes to his advantage, sometimes to his loss, he has invested in the most varied enterprises on the old and the new continent. He has seen work, under his eyes and at his expense, blacks of the Fezzan, Arabs, peasants and farmers of Languedoc and of Normandy.

"He has sought the acquaintance of all persons of the most varied conditions, who could furnish him samples of the various forms of human activity: great bankers, great manufacturers, great land owners, explorers and colonizers in Asia and Africa, as well as small mechanics, small farmers, petty merchants, factory operatives and artisans. He has taken an active part in the contemporary colonization movement, and he has chosen at the same time to live a rural life.

"Questioning and observing in the familiarity of common and cordial relations people of the most different situations, he believes that he has done his best to narrow the gap between a science of pure observation and an experimental science.

"He thinks, therefore, that he has restored to Political Economy its true character, too long forgotten.

"For thirty years people have made of it a pure science of instruction, and subtle professors dispense a vast amount of ingenuity in transforming it into a new scholasticism, something terribly complicated and hopelessly vacant, infinite spiders' webs, woven with a wonderful art, but of which one can make no use.

\* \* \* \*

"Political Economy is, and should be, a descriptive science. It constitutes a part of the history of man and of nature. Just as Buffon and Darwin devote themselves to minute studies and descriptions of animals, of their structure and of their habits, before drawing general inductions, so should Political Economy do; otherwise it is only an accumulation of fantastic words without meaning.

"Nor is it enough to study history; if it confined itself to that it would be like naturalists who know plants only in their herbaria, or animals by their skeletons; living nature should be the principal object of its observations, and, forsooth, it is rich, this living social nature, all the degrees of human civilization actually meeting on the globe, and civilized nations finding themselves, by exploration and colonization, in contact with social groups of all stages of human development.

"Political Economy should not be confined to the stifling air of lecture rooms and seminaries. It should have free air and direct communication with all that lives, all that works, with all that combines and invents.

\* \* \* \*

"But how manifestly unacquainted with all grasp of contemporary facts, with all prevision of the nearest future, are the greater part of the founders and teachers of the new economic scholasticism. \* \* \* Lost in contemplation of their internal dreams, like the oxen of the poet, we say not 'what have they foreseen?' but 'what have they seen?' The world unfolds itself before their eyes, and they are not aware of it.

"It is this scholasticism that we have desired to oppose. We have taken up the method of Adam Smith, ridiculed by Professor Cohn. If some should find that we, as was said of Adam Smith, 'have dulled the sharp point of science in favor of practical prudence,' we should appeal from this judgment to the public.

"What we have tried to make and what we hope to have made, is a book impregnated with reality."

*Handwörterbuch der Staatswissenschaften. Erster Supplementband.*  
Herausgegeben von Dr. J. Conrad, Dr. L. Elster, Dr. W. Lexis,  
Dr. Ed. Loening. Jena, Gustav Fischer, 1895—ix, 904 pp.

The prompt publication of a supplementary volume to the *Handwörterbuch*, within two years after the completion of the original work, will add greatly to the usefulness of this very valuable book of reference. The new volume has about the average number of pages contained in each of the previous six volumes, but not as many articles. Each article, therefore, will average somewhat longer. Of the total number of articles, moreover, about six per cent. are new. It will thus be seen that a comparatively small number of the titles appearing in the previous volumes have been extended or brought down to date. In the present volume, of eighteen new titles, no less than five [*Agrarbewegung, Bodenbesitzreform, Höferecht, Landwirthschaftskammern, Rittergut,*] deal more or less with land. Of the others, several are timely, but others, again, somewhat questionable. The subject of universities, for instance, occupies no less than eighty pages, and is treated in very great detail for a number of the states in Europe, including Denmark and Belgium, but no mention is made of England or the United States. The title *Staat in Nationalökonomischer Hinsicht* gives Professor Wagner an opportunity to write some nineteen pages explaining (very briefly) his ideas of what the economic functions of a state ought to be, but, however valuable in itself, it hardly seems as if this were the kind of an article which one would expect to find in an encyclopedia. On the other hand, there are some rather surprising omissions. It seems strange (to select almost at random from the earlier part of the alphabet) that there should be nothing new to say regarding *Eisenbahnen, Fabrikgesetzgebung, Finanzwissenschaft*. The entire supplement does not contain a single biographical article, though such articles are numerous in the original book. Yet there must be a good many new authors worthy of mention. We notice, e. g. to take but a single example from the United States, that of the four economists who have filled the presidency of the American Economic Association, only one has an article devoted to him, though a good many other American economists are included.

Many of the longer articles in the original work are brought up to date by supplementary articles, such as those on population, labor colonies, protective legislation for laborers, trade unions,



etc. Here again, however, there seems to be sometimes a certain lack of proportion. Thus, the original article *Gewerksvereine* filled forty-nine pages. The supplementary article fills forty pages, but, of these forty, ten are devoted to detailed statistics regarding some of the German unions. The article *Arbeiterkolonien* covers only three pages, and contains no reference to the labor colonies of France, Australia, or indeed any country but Germany.

We cannot, therefore, but feel that the present volume has not received quite the same critical editorial care that was spent on the original work. It would seem to be the function of such a volume to include a considerable number of short articles in the nature of continuations of earlier ones, rather than a small number of very long articles, some of them on new subjects, and not a few suggesting, to a suspicious mind, a fondness for padding. There are so many books published in Germany that the patient reader craves condensation rather than expansion, and we hope that the editors, in publishing future supplements, one of which they promise for the spring of 1897, will bear this in mind. Possibly some of the topics, the absence of which we have noticed in this review, may be reserved for this volume.

H. W. F.

*Studies in Economics.* By William Smart, LL.D., Lecturer on Political Economy in the University of Glasgow. London and N. Y., Macmillan & Co., 1895—8vo, x, 341 pp.

This is a collection of essays of unusually high value. It divides itself into three parts, one on wages, one on currency, and one on consumption. To the great bulk of readers the author's studies on wages will form the subject of chief interest in the volume. He is unusually well qualified to write on these matters, from the fact that he combines experience as an employer of labor with training and professional work as an expert in economic science.

In the first of his papers he deals with the standard of comfort, reconciling, as far as he can, the Ricardian theory that subsistence determines wage, with the modern view that the value of the product must limit the amount which can actually be paid. He then proceeds to discuss the more tangible questions involved in the demand for a "living wage," and in the attempts to apply the "sliding scale" as a basis of payment for labor. He discusses the living wage in its application to mining industry, and shows that miners' wages must necessarily depend on the price of coal. This price is governed by the demand of consumers; and this

demand depends chiefly on the ability of manufacturers to export their goods or to compete with imported ones. If a minimum wage were established on the basis of the price of coal, this minimum could not always be made sufficient to live on unless short time were barred; and this of course could not be done unless steady demand were guaranteed. Toward the sliding scale as a method of fixing wages the author's views are more favorable. He shows pretty conclusively that the failure of actual scales has generally been due to impatience.

A fourth paper, on women's wages, starts out with the statement that it is an indubitable fact that women are paid about half the wages of men. He criticises in succession five popular explanations of this difference. The statement that it is a mere question of supply and demand is simply a confession of failure to explain the case at all. The theory that women are not as a rule the sole bread winners of the family, and that woman's wage is an auxiliary wage, is in his view based on an outworn assumption that the economic or wage-earning unit is the family. The explanation that woman's standard of comfort is less than man's he regards as an attempt to make the effect take the place of the cause. The statement that women's work is not so good as men's he admits as probably true in a great many cases, but this does not explain a difference of piecework rates, when women and men work side by side. The fifth explanation, that women habitually make cheap goods, shows why it is difficult to raise their wages, but does not explain why the price of their products came down to their present level. The answer that Mr. Smart himself gives is, that the low wages are the result of custom based on the traditions of poorer times, from which women have not had men's opportunities to escape. He thinks that the women's wages of to-day represent a survival of a time when all wages were fixed by the minimum which would keep the laborer alive; that the progress of the last few generations has enabled men to secure a payment based on the results of their work, but has left women comparatively unaffected by the beneficent results of this process.

This bare outline is enough to show the interest of Mr. Smart's subjects and of his treatment. Of the papers discussed, the first seems the least satisfactory. Its conclusions are true enough as far as they go, but they only touch the surface of the question. It is perfectly obvious that a body of laborers cannot get more than they produce, no matter how great the sacrifices involved in

the process of production. But it is equally true that if they get more wages, a great many of them can produce more goods or better goods with the same amount of labor, and put themselves in a position to demand higher wages than before. There is in every trade a contest between one group of men which competes to cheapen product by lowering wages, and another which competes to cheapen product by increasing efficiency. The former group is successful in mechanical industries requiring no special skill ; the latter in the higher walks of life. The cheap surgeon to employ is not the one who costs the least, but the one who has qualified himself to do the most. The wages in any trade or profession will depend upon the relation between the standard of comfort and the maximum social efficiency.

An illustration will make this point clear. Substitute a steam engine for a laborer. How much coal and care can we give it per day ? Mr. Keir Hardie says, "As much as we please. If the owners of engines will combine, they can make the price of the products as high as the cost of running the engine." Mr. Smart rightly criticises this view, and points out that the public cannot be compelled to buy the products, and that the amount which you can feed the engine is limited by the amount of work which it does. But this, while absolutely true as against Mr. Keir Hardie, does not cover the whole ground. We can build a cheap engine, and feed it low, or we can build a much larger engine and feed it high. Which will be more economical ? If you build it rightly and apply it rightly, the latter. Industrial progress consists largely in substituting economy of high feeding for economy of low feeding.

The theory that standard of comfort determines wages, independent of product, is obviously defective. The theory that product determines wages, independent of standard of comfort, avoids these obvious defects, but does not offer so complete a solution of the wage-problem as its advocates sometimes claim. Wages are determined by the relation between standard of comfort and efficiency, which gives society the largest excess of product over waste. We do not mean to imply that Mr. Smart denies, or even fails to understand, this ; but he fails to see the necessity of according it the importance which it seems unquestionably to deserve.

A. T. H.



*Municipal Government in Continental Europe.* By Albert Shaw, author of "Municipal Government in Great Britain." New York, The Century Co., 1895—8vo, xii, 505 pp.

This new work of Dr. Shaw is a most valuable supplement to his similar work on the municipal institutions of Great Britain, which properly won for him from Johns Hopkins University the honor of the Marshall medallion. The municipal institutions of continental Europe are even less familiar to the American public than those of England, and consequently this volume will be a revelation to many of the progress made by the countries of Europe in solving this perplexing problem of municipal government, which has become so important in the nineteenth century. A perusal of it must increase the feeling of gratitude on the part of patriotic citizens to the author for placing before his countrymen, at a time when there is keen interest in city government, so full and attractive a description of what has been done in the matter on the other side of the Atlantic.

The new volume on the government of European cities is not made up of a series of descriptive essays with some slight thread of connection, but follows a well ordered plan which takes one great city as a standard of administration, and describes it in detail; then takes up other cities in less detail with comment on the points of difference. As Glasgow received especial emphasis in the former volume, so nearly one-third of this is taken up with an interesting and elaborate description of Paris, as the typical modern city. The French capital has been not only the pioneer in the municipal reforms which have added so much to the comfort and pleasure of urban life in Europe, but the model followed more or less closely by the other capitals and great cities of European nations. For this reason the account of its elaborate and efficient administration puts the reader in possession of the form of the prevailing system of continental Europe, though the details often vary.

The treatment of the subject is necessarily historical to some degree, but the author has the journalistic sense not to allow the spirit of the antiquarian to lead him to wearisome minuteness in giving the story of the past. After this outline of historical development he gives a most graphic and interesting description of the present-day government. The reader finds that the continental cities have gone even farther than English cities in exercising quasi-public functions that bear in any way upon the com-



mon life of the municipality. Paris and the other cities do much for their citizens, and in the opinion of Dr. Shaw do it very well. Wherever functions that are in any sense public are not exercised directly by the city, the private corporations which do discharge them are subject to its strict control and supervision, and yield to the city treasury a handsome revenue for the privileges which they enjoy.

After reading of the many unusual lines in which municipal activity in Paris now works, viz., its municipal savings banks and pawn shops, public boarding schools, its abattoirs, cemeteries, its agricultural colonies, school vacation trips and camp colonies, etc., the reader feels that the possible sphere of municipal activity has been nearly exhausted.

Paris, and all Europe, however, have something to learn from Great Britain in the way of municipal lodging houses and public baths. Dr. Shaw seems hardly correct on page 109, in speaking of the *refuges de nuit* as municipal lodging houses, such as public and private enterprise has erected in English cities. In their purpose they are more like the wayfarer's lodges which some American cities have erected in hard times for poor transient guests. It is quite certain also that no Parisian, who has once taken a plunge in the public swimming baths in Hornsey Road or Buckingham Palace Road, when he is visiting London, will ever, on returning to Paris, be satisfied with those rickety structures which confine the turbid waters of the Seine. So, too, the poor women of Paris who wash their clothes in this same turbid water, are less fortunate than those of London, who, on payment of a penny or two pence an hour, obtain the use of the best laundry appliances.

The author follows the chapter on Paris with an interesting chapter on the French municipal system outside of Paris. In these Home Rule more distinctly prevails than in Paris, where the powers of the municipal council are largely subject to the national authority. Since 1884 practically universal suffrage has prevailed in the council elections, and apparently no serious decay either in honesty or efficiency of administration of the city governments has resulted. This may be due in some degree to two features of the municipal code, which are quite different from American practice, viz., election by general ticket instead of by wards, and a long term of service, four years, for the councillors.

Other chapters of the book describe the municipal system of Belgium, Holland, Spain and Italy, in brief outline, while spec-

ially noteworthy and interesting are the three chapters entitled, "The Frame-work of German City Governments," "Municipal Functions of Germany," and "The Free City of Hamburg and its Sanitary Reforms." It is plain to every reader of this book that European cities, in comparison with American, during this century have not only exercised much wider functions, but have had greater difficulties to overcome in their physical environment, which required not only large expenditure but great architectural and engineering skill. The physical transformation of Paris under Baron Haussman has been repeated to a greater or less degree all over Europe. Such great public works have in most cases been accomplished honestly and efficiently. As Mr. Shaw says, "In Europe the honesty and the general efficiency of the municipal government are not seriously in question anywhere," while in our great cities it requires heroic efforts to secure honesty of administration, to say nothing of efficiency. Municipal government in Europe would seem to be administered largely by professionally trained men on scientific methods, while too often in this country it is managed by amateurs on political methods.

This volume as well as its predecessor is admirably adapted to the general reader by the clear, untechnical, suggestive style of the author, and his intuitive sense of what will interest the reader, that comes from long experience in journalism. In attempting to cover so wide a field, of necessity much of interest had to be omitted, but in the selection and treatment of topics the author has been very successful. The book will take its place on the library shelf by the side of Bryce, and should awaken here an abiding determination to lessen the gap between Europe and America in this regard.

GEORGE L. FOX.

*The Law of Civilization and Decay.* An Essay on History. By Brooks Adams. London, Swan Sonnenschein & Co.; New York, Macmillan & Co., 1895—8vo, x, 302 pp.

Reference was made in a notice of Kidd's *Social Evolution* in the third volume of this REVIEW, to the probability that we should have many attempts in the next few years to construct a philosophy of history on the basis of our existing knowledge. The present attempt is by the historian of the "Emancipation of Massachusetts." Any one who thinks it possible for the present age to produce a final philosophy of history, would derive much instruction by reading this book and Mr. Kidd's together.

The term "science" of history rather than "philosophy" must be applied to the attempt, if we speak strictly. It opens—to give the order of the author's thought rather than of his statement—with three fundamental assumptions. First, actions of every kind are manifestations of material energy, and are controlled by its laws. Second, human history, as one of the "outlets through which solar energy is dissipated," is governed by fixed laws. Third, among human actions, thoughts or "intellectual phenomena," are those which determine the course of history. Starting with these propositions assumed, the science of history is developed in this way. The first controlling intellectual conception is fear. This leads to religious, military, and artistic types of civilization, and, in richly endowed races, to an accumulation of energy in the form of capital. As this accumulation takes place, the race passes into the second stage, and greed succeeds fear as the determining idea. This leads to economic organization in which capital tends to become supreme, to the decay of the earlier types of civilization, to the waste of energy through competition, and, as this can no longer be reproduced under a capitalistic organization, to the disintegration of society, from which there can be no return except through an infusion of fresh barbarian blood, that is, through a renewal of the earlier types of civilization.

The author's treatment of Roman history may serve as an example. The Romans, when they first appear in history, are of a martial type just passing into an economic. As they had no adaptation either to commerce or to manufactures, but only to agriculture, greed with them took the form of usury. This produced a society divided into two classes, creditor and debtor. As society consolidated and centralized itself, the power of the former increased and the pressure upon the latter became heavier, until at last the reproduction of energy ceased, that is, less was produced than was dissipated. Then society, which reached its greatest centralization under the Caesars, disintegrated, the barbarian took possession of the world, and the middle ages began. In these a return took place to an imaginative and military type of civilization, similar to that from which the Romans had earlier emerged.

The doctrine is a thoroughgoing and ideally complete pessimism. We stand in our own age, upon the verge of another disintegration of society like that which befell Rome, from which the world

can hope to emerge upon a new round of the same sort only by the infusion of barbarian blood from some source. But it does not appear from anything in the book that this fate can make the slightest difference to those whom it overtakes, or to the human race as a whole. The only movement for mankind is this ceaseless round, every stage of which is deplorably bad, and is constantly changing into another just as bad.

The fatal defect of the book is that it follows but a single thread through the course of history. It must be recognized, however, as a valuable contribution to the science of history. Especially noteworthy are the author's keenness of insight and freshness of interpretation. His power of combination is less evident, but the future worker in this field will have to reckon with Mr. Adams's reading of the economic movements of history.

In closing one cannot forbear to quote two passages, of which many might be selected throughout the book, to show its character as a "tract for the times." These are from the chapter on Rome :

"It appears to be a natural law that when social development has reached a certain stage, and capital has accumulated sufficiently, the class which has had the capacity to absorb it shall try to enhance the value of their property by legislation. This is done most easily by reducing the quantity of the currency, which is a legal tender for the payment of debts. A currency obviously gains in power as it shrinks in volume, and the usurers of Constantinople intuitively condensed to the utmost that of the empire. After the insolvency under Elagabalus, payments were exacted by gold in weight, and as it grew scarcer its value rose when measured in commodities."

"When wealth became force, the female might be as strong as the male ; therefore she was emancipated. Through easy divorce she came to stand on an equality with the man in the marriage contract. She controlled her own property, because she could defend it ; and as she had power, she exercised political privileges. \* \* \* \* When force reached the stage where it expressed itself exclusively through money, the governing class ceased to be chosen because they were valiant or eloquent, artistic, learned, or devout, and were selected solely because they had the faculty of acquiring and keeping wealth."

G. B. A.



*A History of Money and Prices.* Being an Inquiry into their Relations from the Thirteenth Century to the Present Time. By J. Schoenhof. New York and London, G. P. Putnam's Sons, 1896—8vo, xvii, 352 pp. (Questions of the Day Series, No. 86.)

M. Schoenhof's contributions to economic literature are always welcome. His style is clear and readable. In the line of economic investigation to which he has devoted himself, his wide personal acquaintance with the conditions of production in this and other countries, as well as his thorough familiarity with German and French authorities, adds greatly to the value of his writings. The book before us calls for such a knowledge of a very wide field.

The positive part of the book is devoted to the familiar proposition that prices reflect the general conditions of production, and not the volume of money in circulation. This thesis the author maintains with a wealth of illustrations drawn, as the sub-title suggests, from a very wide range of history. Dry price statistics, obtained from such convenient sources as Thorold Rogers' works and Vicomte d'Avenel's recent publication, as well as from our valuable Aldrich Report, are put into attractive form, and are used to good effect. Few new facts regarding the history of prices are brought out, but a mass of useful information is condensed into a comparatively small space. The rise in real wages and the fall in labor cost of commodities is constantly touched on, as one would expect of the author of "The Economy of High Wages."

The negative part of the book is given to disproving the well-worn quantity theory of money, which is left little to stand upon. The writer might have made it clearer that if by "money" is meant metallic money, few are bold enough to claim that prices rise and fall with the amount of money in circulation. But if "money" is made to include credit instruments, then we must be logical, and make the quantity of money equal to the total amount of *confidence* in the world; but the ingenuity of man has not yet devised means of measuring that quantity, any more than it can assign a value to the sum total of human affection or happiness.

J. C. S.

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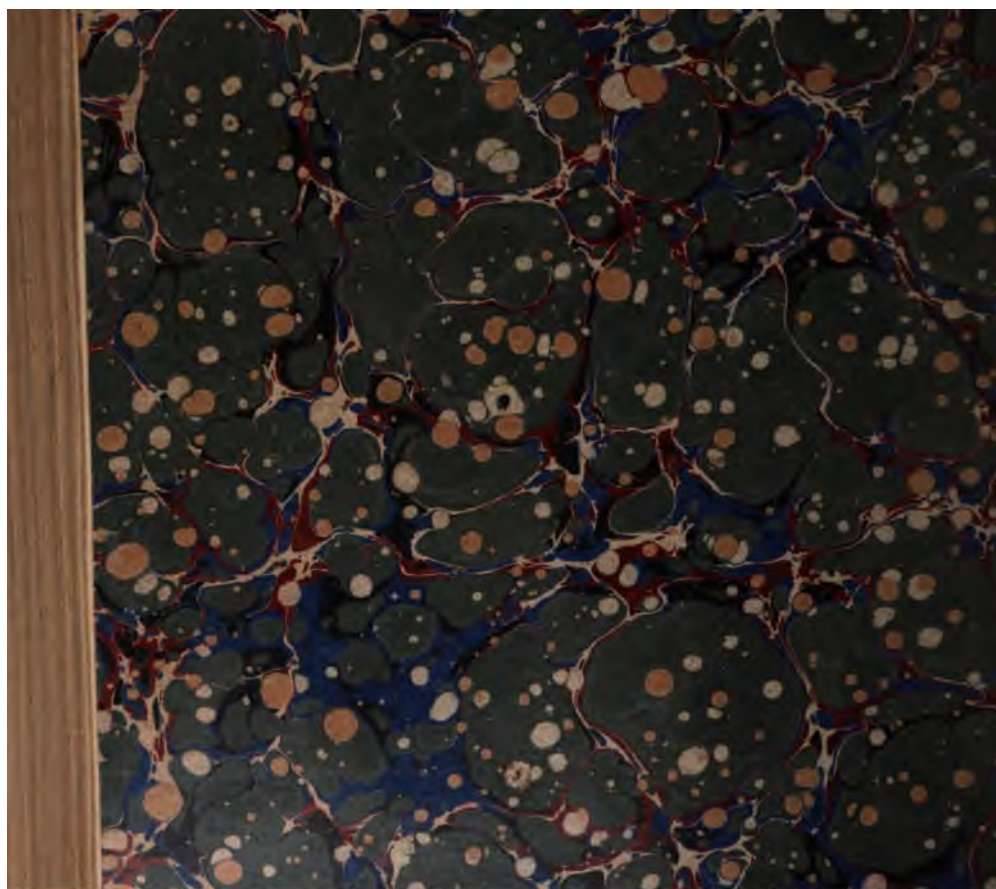












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